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*** CR, SR To Join World Organizations**

93CH0265A Prague LIDOVE NOVINY in Czech 28
Dec 92 p 3

[Unattributed article: "Negotiations on Association Agreements; The Czech Republic and the Slovak Republic Will Make the Transition Into the Majority of International Organizations Without Any Complications"]

[Text] Prague—The majority of international organizations in which the CSFR had membership will be accepting the membership of the Czech Republic and the Slovak Republic as of 1 January 1993 or shortly thereafter without complication.

As of 1 January, both republics should be members of the International Monetary Fund, the World Bank, and the International Bank for Renewal and Development, according to employees of the Federal Ministry of Foreign Affairs.

Also, the Conference on Security and Cooperation in Europe (CSCE) intends to consider the Czech Republic as well as the Slovak Republic as full members as of 1 January. Membership for the Czech Republic and the Slovak Republic as of the beginning of next year has also been decided on by the North Atlantic Council for Cooperation, in which both the NATO countries and also the countries of the former Eastern bloc deal with solving all-European security questions, including, among others, conversion [of armaments production] in East Europe.

Representatives of the Federal Ministry of Foreign Affairs anticipate that the Czech Republic as well as the Slovak Republic will be accepted into the UN organizations in January. Moreover, the Czech Republic is a candidate for nonpermanent member of the UN Security Council for the period of 1994-95.

The Council of Europe should be deciding on membership for the Czech Republic and the Slovak Republic at its May session of the Committee of Foreign Ministers. But February should see a vote on the recommendation for membership by the parliamentary assembly of the Council of Europe. Until that time, special observers would be active in the Czech Republic and the Slovak Republic who will determine whether both republics meet the conditions for membership in the Council of Europe, particularly in regard to the area of human rights. The chair of the Council of Europe, Catherine Lalumier, is reported by employees of the Federal Ministry of Foreign Affairs to have signaled that the mission will focus primarily on the problems caused by the lustration law in the Czech Republic; in the Slovak Republic, it will focus on the rights of national minorities. If the Committee of Ministers accepts the Czech Republic and the Slovak Republic, it will do so retroactively to 1 January.

The Czech Republic and the Slovak Republic should also assume the obligations of the temporary agreement on trade between the CSFR and the European Community, which has already been signed at the lower level, but has not yet been ratified by all member countries of the

association accords thus far. New negotiations should be taking place regarding new association agreements between the Czech Republic and the EC and between the Slovak Republic and the EC. Whether the original agreement between the CSFR and the EC will cover both successor countries automatically or whether some member countries will make use of new negotiations to lower export quotas for Czech and Slovak manufacturers remains a question.

The agreement on free trade between countries of the European Free Trade Association (EFTA) and the CSFR has been in effect since July 1992. The Czech Republic and the Slovak Republic have already submitted a declaration to the EFTA in Geneva through which they claim to be successors of the CSFR. The Federal Ministry of Foreign Affairs expects that such an agreement would be valid as of February 1993 between the EFTA and the Czech Republic and the Slovak Republic. Membership by the CSFR in the General Agreement on Tariffs and Trade (GATT) should be assumed by the Czech Republic and the Slovak Republic in March 1993, according to information obtained from the Federal Ministry of Foreign Affairs.

*** Political Diversification of CR, SR Seen**

93CH0264D Prague LIDOVE NOVINY in Czech 31
Dec 92 p 1

[Editorial by Jiri Hanak: "It Has Happened"]

[Text] For the last time, we shall see the federal flag; for the last time, we shall hear the federal national anthem; for the last time, Mr. Tosovsky will tender federal Czech money in payment of the giant deficit of Slovakia and the everyday life for two new independent states, the Czech Republic [CR] and the Slovak Republic [SR], will begin. Anyone who wishes could raise the cup in memory of Czechoslovakia, even though this will long since no longer be up-to-date. Czechoslovakia as a unified and inseparable republic ceased to exist for practical purposes in December 1990 with the passage of the jurisdictional law.

The situation of both new republics on the European map indicates, to a considerable extent, their fate. Hitherto, Slovakia was only a somewhat separate portion of Czechoslovakia. As a result of the division and of subsequent developments, it is likely that two different worlds will come into existence. Economic, political, as well as spiritual worlds. And more than that. Slovakia is a wedge driven between the only three democratic countries of the former communist bloc. It does have every chance of becoming a stomping ground for those clandestine services, which do not consider the year 1989 to be a final defeat. Eavesdropping, secret trips by ministers to Ukraine, secret meetings in the Tatra Mountains with the neocommunist Russian prime minister are not the hallmarks of Bethlehem.

The division of the republics even has the effect of a suddenly severed rope, which is tightly stretched by two parties in opposite directions. The CR, which is already wedged into its German neighbor as it is, will advance a

pace westward. Symbolically at first, and in practical terms later. We can afford it and we will be able to afford it; in this regard we should not tolerate any false modesty. Even the strategy of the leader of the Czech Government can be predicted to a considerable extent. He will attempt to draw the line at every opportunity between the possibilities, capabilities, traditions, and status of the CR and the situation in the other former communist nations. There are prerequisites for this: We have a stabilized currency, a stable political climate, and a tradition of qualified manpower and a tradition of the Masaryk republic. It is not out of the question that even these ideas played a role in the country's division that cannot be overlooked. The eastern part of the former Czechoslovakia, which is more likely to address Kiev rather than Prague, Romania rather than Poland, would have been a certain hindrance regarding these efforts. The goal of the CR can be Austria. The goal of the SR will be what? The question as to whether this is not selfish must be answered by saying that it is selfish. But politics is not a stroll through an institute of ladies of noble birth. And besides, none of the Czech political parties had the demand for division as part of their election program; the HZDS [Movement for a Democratic Slovakia] of Meciar did.

In spite of the relief felt by the surrounding world because of the peaceful division, the division of Czechoslovakia disappointed that world. The question is whether the results could have been different? If we look back in history, we can easily determine that the 74 years of coexistence of Czechs and Slovaks were characterized from the beginning by efforts on the part of Slovakia to "stampede" out of the common state whenever any opportunity offered itself. It has happened. There is nothing to celebrate. To weep is useless.

Romanian-Hungarian Economic Ties Viewed

93CH0316A Bucharest ROMANIA! MAGYAR SZO in Hungarian 14 Jan 93 pp 1, 3

[Interview with Gheorghe Domuta, trade counselor at the Romanian Embassy in Budapest, by Barna Bodo in Szeged (Hungary) in mid-December: "Romanian-Hungarian Economic Relations: A Promising Trend"]

[Text] *A meeting of Hungarian and Romanian entrepreneurs took place in Szeged in mid-December. It was sponsored by the local chamber of entrepreneurs and a corporation (Borona). A representative of the Budapest Indosuez Bank (he introduced himself also as an agent of the Dacia Felix Bank headquartered in Kolozsvár [Cluj]) and Gheorghe Domuta, counselor of the Romanian Embassy in Budapest, graced the meeting with their presence. In his lecture Domuta summed up the development of Romanian-Hungarian economic relations during the past three years. Therefore I requested him to review the related questions also for the benefit of our readers.*

[Bodo] How do you rate the development of Romanian-Hungarian economic relations?

[Domuta] As promising. Until 1 January 1991, trade between the two countries was conducted within the framework of CEMA and billed in transferable rubles. The total volume of foreign trade dropped considerably in comparison with the preceding year, to 314 million rubles, within which the proportion of machinery and equipment was about 60 percent. In January 1991 the two countries signed in Budapest a trade agreement that regulates their bilateral trade as of 1 January of that year. It removes all previous restrictions. Foreign trade, for instance, is no longer a state monopoly. Consequently, anyone licensed to do so may conclude foreign-trade deals, in accordance with the rules of the market. In spite of this agreement, the decline continued in 1991. Because of structural changes, the annual total volume of foreign trade barely reached \$210 million, which included also installments on earlier arrears.

During the first nine months of 1992, according to data reported by Hungary's Ministry of International Economic Relations, Romanian export declined slightly in comparison with 1991: from 4.037 to 3.416 billion forints. At the same time, Romanian import increased substantially: from 6.054 to 9.666 billion forints. According to Romanian statistics, import from Hungary during the first half of the year accounted for 2.5 percent of total import (placing Hungary 15th among the countries of provenance), while 1.3 percent of Romania's total export was shipped to Hungary, not enough to include Hungary among the top 20 countries of destination. In other words, the extent to which Romania offsets import with export has to be increased.

[Bodo] How much is the private sector's share of this trade volume?

[Domuta] Exact figures are not available. But consider that 28.4 percent of Romania's foreign trade during the first two months of 1992 was transacted by private entrepreneurs, as compared with 7.6 percent during the same period of 1991. In Romanian-Hungarian trade these proportions were probably higher. I base my opinion on the fact that an overwhelming majority of the approximately 600 Romanian-Hungarian joint ventures registered in Romania had been formed with private capital. When and if the number of Hungarian-Romanian joint ventures registered in Hungary reaches the same level—there are merely about 30 such joint ventures at present—it will be possible to expect an increase primarily in export to Romania. If joint ventures gain considerable ground also in production, then economic relations will become more secure, with brighter growth prospects.

[Bodo] What disturbances are encountered in Romanian-Hungarian trade?

[Domuta] The already mentioned imbalance of export and import, the approximately threefold Hungarian surplus is a factor that holds back the development of foreign trade. A more thorough assessment of Romania's export opportunities ought to be prepared; exhibitions, shows, and trade meetings could help to achieve that objective. The lack of punctuality in conjunction with deliveries, late

payments, and late shipments are disorders of another kind. Their resolution is difficult because in most cases the contracting parties failed to include the standard foreign-trade terms in their contracts. Fortunately, such relations are not typical. We are striving to protect the interests of our foreign traders by means of the intergovernmental agreement.

[Bodo] What opportunities are there for a trade counselor who is living and working abroad?

[Domuta] At the embassy I represent the Ministry of Trade. Thus, by direct and indirect methods, I am able to aid Romanian and Hungarian entrepreneurs in attaining their objectives; to acquaint them with the trade, customs, and financial regulations; to help them find business opportunities and potential partners; to provide specific assistance whenever possible; and to give them professional advice regarding the organization of trade shows and other meetings.

[Bodo] And how do you rate the promotional opportunities in Romanian-Hungarian trade?

[Domuta] First of all I would like to point out that they are sorely needed, because the previous system has changed completely. For that very reason the two countries' competent ministries are supporting promotional opportunities, not only organizationally but also financially, to the best of their ability. I regard participation in the two big exhibitions, HUNGELEXPO and ROMEXPO, as the most important. Next in importance are the trade shows of the various industries. The most frequent are events organized by the chambers of commerce and industry, often combined with trade shows. Just in recent months there have been such events in Nagyvarad (Oradea), Szatmarnemeti (Satu Mare), Kolozsvar (Cluj), Brasso (Brasov) and Segeszentgyorgy (Sfintu Gheorghe), as well as in Bekescsaba, Nyiregyhaza and Szeged. I think that the last three of these events [held in Hungary] were very useful.

[Bodo] To what extent does the financial background, the banking sphere, influence favorably the development of foreign trade?

[Domuta] The foreign-exchange regulations elaborated by the Romanian National Bank became effective as of 4 May 1992. Together with their subsequent modifications, these regulations have had a very positive effect. The fact that Romanian legal entities, whatever their forms of business association, may freely dispose of all the foreign exchange they earn through export, encourages entrepreneurs to make full use of their professional abilities. By establishing EXIMBANK, Romania's export-import bank, the government wants to boost export. Concerning direct relations between our two countries, the competent ministries have long been planning to establish a joint Romanian-Hungarian bank that would aid bilateral trade and economic cooperation, with special attention to small and intermediate joint ventures.

[Bodo] What can we expect in the (near) future? What changes will Romanian economic reform produce in foreign trade?

[Domuta] In line with the Romanian Government's economic policies, the objectives of reforming foreign trade are greater regional stability and competitiveness, and also broader privatization. Most of the pertinent measures are well known. In the future it will be necessary to continue the liberalization of foreign trade, to dismantle the quantitative barriers, and to protect national economic interests by employing financial restrictions—in accordance with international practice—rather than tariff barriers. At the same time, it appears necessary to provide credits for foreign trade both in lei and foreign exchange, and to strengthen the domestic foreign-exchange market. I have mentioned primarily the tasks and objectives.

Ukraine's Language Law Praised by Neighbors

Budapest's View

93CH0331A Budapest NEPSZABADSAG in Hungarian
30 Dec 92 p 3

[Article by Jozsef Bartha Szabo: "Ukraine Praised During Formal Recess in the National Assembly"]

[Text] Having risen to request a formal "recess" before the commencement of regular business pursuant to the order of the day, Andras Kelemen, state secretary at the Ministry of Foreign Affairs, informed the National Assembly that the decree implementing Ukraine's Language Law and Ethnic Minorities Law has been promulgated in Subcarpathia [Transcarpathian Ukraine] on 22 December.

These days, said the state secretary, when daily news reports of ever newer acts of violence against minorities have become quite common, it counts as a noble act that in neighboring Ukraine—by his Decree No. 469, signed on 17 December and promulgated on 22 December 1992—Presidential Commissioner Mikhaylo Ivanovich Krayilo provides for the implementation of the Language Law and the Ethnic Minorities Law in Subcarpathia.

The decree states that, in settlements where an ethnic minority constitutes the bulk of the local population, the names of offices, institutions, government agencies, and voluntary public associations must be displayed also in the given minority language, in addition to Ukrainian.

Accordingly, besides the Ukrainian place names, geographic names, and names of public thoroughfares, also their minority-language equivalents must be used. Furthermore, the minority language enjoys equal status with the state language, and it too may be used as a working language of government agencies, voluntary public associations, enterprises, and institutions; their staff and elected officials must know, or will have to learn, both the state language and the minority language. In settlements where an ethnic minority constitutes the bulk of the local population, its emblems may also be displayed alongside the state emblems.

It is important and by no means insignificant, said the state secretary, that the presidential commissioner also provides for overseeing the decree's implementation.

The state secretary went on to inform the National Assembly about the latest news: With the decisive support of its chairman, Dmitro Fedorovich Dorshinets, the Subcarpathian Regional [Oblast] Council approved the earlier resolutions of the Beregszasz [Berehove], Nagyszollos [Vinohradiv], Munkacs [Mukacheve], and Ungvar [Uzhhorod] district [rayon] councils regarding the restoration of the historical names of settlements. Which means that 32 settlements in Subcarpathia are now able to use also officially their original, historical names.

Ethnic Hungarians' View

93CH0331B Bratislava UJ SZO in Hungarian 30 Dec 92 pp 1, 4

[Unattributed article including a telephone interview with Gyorgy Egressy, the editor in chief of KARPATI IGAZ SZO in Berehove; date not given: "Berehove-Beregszasz Is Now Official"]

[Text] At the end of November, in conjunction with the flood that inundated also a part of Slovakia, we were receiving sad news from Subcarpathia [Transcarpathian Ukraine] with its ethnically mixed population. Yesterday, to our great joy, we received better news from there, this time about the use of minority languages. We learned that Mikhaylo Krayilo, the Ukrainian president's commissioner for the Subcarpathian Region [Oblast], issued the other day a decree implementing the Language Law and Ethnic Minorities Law that Ukraine had enacted months ago.

To find out what the mentioned decree contains, we interviewed by phone Gyorgy Egressy, the editor in chief of KARPATI IGAZ SZO, the newspaper of the ethnic Hungarians living there.

[Egressy] Actually the gist of the 17 December decree is that the official names of government agencies, voluntary public associations and institutions, as well as the names of

localities and public thoroughfares must be displayed in Ukrainian and also in the language of the ethnic minority that constitutes the bulk of the local population in the given area.

[UJ SZO] Is this mandatory, rather than optional?

[Egressy] From the text of the decree, which our paper has also published, it is quite clear that this is mandatory.

[UJ SZO] Does the decree dwell also on the official language?

[Egressy] Yes. It specifies that, in cities and villages where an ethnic minority (in other words, Hungarians, Romanians or, say, Slovaks) constitutes the bulk of the local population, the elected officials and staff of government agencies must be able to speak, besides Ukrainian, also the given minority language, on a level of proficiency that is essential to the performance of their official duties.

[UJ SZO] How have the local ethnic Hungarian received this decision?

[Egressy] With satisfaction, of course. The more so because we see that in not all neighboring countries is this question being treated in an acceptable, promising manner. We regard the decree as beneficial. But as I have heard also from Sandor Fodo, the president of the Cultural Federation of Subcarpathian Hungarians, at the latest session of the regional council several speakers complained that the entire decree applies only to localities where a national minority constitutes a majority of the local population. According to a proposal or petition introduced there, the decree ought to be amended to permit the use of two or more official languages where an ethnic minority accounts for a significant proportion of the local population, without forming a majority. In Szlatina [Solotvino], for instance, where the local population is divided equally among Ukrainians, ethnic Romanians, and ethnic Hungarians.

Views on Including Albanians in Macedonian Army

Call For Registration

93P20087A *Skopje FLAKA E VELLAZERIMIT in Albanian* 20 Dec 92 p 2

[Unattributed article: "Communiqué of the Steering Council of the Albanian Democratic Alliance-Liberal Party-Skopje: We Call on the Albanian Youth to Present Themselves for Registration for Military Service"]

[Text] The steering council of the LDSh-PL [Albanian Democratic Alliance-Liberal Party] examined the essential issues in regard to the appeal of the Ministry of Defense of the Republic of Macedonia for recruits to present themselves and to register for the Army of the Republic of Macedonia and, on its part, it stresses the need for all recruits in the Republic who have not fulfilled their military obligation during the prescribed period of time to present themselves and to show their readiness to execute this honorable civic obligation.

As a political organization of Albanians in Macedonia, the LDSh-PL appeals, on its own behalf, to Albanian youth of the prescribed age for fulfilling their military obligation to present themselves for registration and, in this way, to prove that they are ready to fulfill all their obligations and rights as citizens of Macedonia. The equal participation of Albanians in the Army of the Republic of Macedonia is an important factor in certifying and achieving the status as subjects of the state for Albanians in Macedonia.

It is in the interest of the Albanians that the entire generation of recruits become members of the Army of the Republic of Macedonia. By this, both their sociopolitical position and the defense capability of the Republic are strengthened.

It is known that total equality cannot be achieved without equal and proportional participation in state organs, especially in the Army, the police, the justice system, management, and other organs. Under our conditions, equal and proportional membership in the units and commands of the Army of the Republic of Macedonia is a factor and condition for the peace and security of all citizens in

Macedonia and, with this, Macedonia becomes a factor for peace and security in the entire region of the Balkans, according to the communique of the LDSh-PL steering council.

Alleged Duplicity of Government

93P20087B *Skopje FLAKA E VELLAZERIMIT in Albanian* 25 Dec 92 p 4

[Unattributed article: "Communiqué of the People's Democratic Party Regarding a Macedonia with a Multiethnic Army"]

[Text] In contradiction to the statements of the government organs of Macedonia about their supposed interest in including Albanians in the Macedonian Army on an equal basis, in reality, the government is not interested in including Albanians in Army structures.

The fact that, in the media, practically no importance is being given to the issue of including all nationalities in the Army and the fact that no criteria have been set for registering for middle military school and for the Defense Faculty indicate that the existence of an army with members almost solely from one ethnic group suits the government.

The presence of high military representatives at party meetings, such as the presence of Mitre Arsofski at the MAAK [Movement for All-Macedonian Action] meeting and the blessing of the soldiers by the clergy in Kumanovo, shows that we are doing very little to depoliticize the Army.

Some ethnic Albanian professional military cadres have been rejected without justification. The Democratic Party has data on these cases that it can present.

Just recently, the representatives of Macedonia began to seriously think about the fact that the current situation in Macedonia requires a multiethnic army, under equal conditions, and to consider under what circumstances Albanians should be included in the Army.

The situation is no better in the Ministry of Interior, which has the obligation to provide information on the competition, hiring, and rejection of Albanians for positions in its organs.

Daily Says Belgrade Hiding Nuclear Material*93P20085A Sofia DUMA in Bulgarian 20 Jan 93 p 1*

[Report from DUMA correspondent in Belgrade: "Belgrade Hides Radioactive Material Near Bulgarian Border"]

[Text] Eleven containers of "low-grade" radioactive material have been secretly hidden in an abandoned mine in Gabrovnica, in Stara Planina, not far from Knjazevac, and relatively close to Ciproveci. The announcement provoked great alarm among the inhabitants of the Knjazevac and Timoski regions. The material was sent there from the Institute for Technology of Nuclear and Other Raw Materials in Belgrade without the knowledge of any official institution whatsoever and without informing official bodies. After the scandal erupted, the special commission of the Serbian Ministry for Environmental Protection ascertained that the 11 containers held "semifinished products" with low-level natural uranium. According to the official announcement, 300 kilograms of uranium dioxide and ammonium diuranate is involved.

In this connection, we should recall Academician Petrovic's report, which indicated that the water in the Timok River is completely contaminated with the radioactive isotope tritium. The Serbian Ministry for Ecology [as published] declared that the traces of this isotope in the river were completely harmless and did not come from the mine but from space [Kosmos]. Last summer there were also alarming reports about increased levels of radioactivity in the water of the Timok River and in the Timoski region, but they were also denied. The population of the Stara Planina region is insisting on the immediate removal of the radioactive material, which makes this region unattractive to tourists.

*** Roundtable Discussion of BSP Coalition Partners***93BA0480A Sofia DUMA in Bulgarian 30 Dec 92 p 7*

[DUMA report on a roundtable meeting among coalition partners of the BSP, OPT, KhZhD, SMS, and the Stefan Stambolov National Liberal Party; place and date not given: "Parliamentary Union of the Red Ballot—Political Experience, Lessons, Questions"]

[Text] **DUMA:** The parliamentary alliance of parties using the red ballot includes, along with a monolithic movements such as the DPS [Movement for Rights and Freedoms], the SDS [Union of Democratic Forces] political coalition. Has this alliance found its internal formula for parliamentary action?

Rumen Popov, OPT [Fatherland Labor Party] chairman: The SDS is a political organizational coalition, whereas we are an electoral alliance.

From a democracy, the SDS is marching toward centralization, whereas the BSP is trying to become a democratic group. This is the reason for the OPT to adopt the trend from totalitarianism to democracy, so that it may find its proper place within the system of coordinates.

The parliamentary union was born on the basis of the BSP [Bulgarian Socialist Party] electoral alliance. Subsequently, there was a search for a political form of interaction through a political consultative council. This is not an organizational structure such as the SDS Coordinating Council. Its only purpose is to hold a political dialogue and consultations. There are no mandatory decisions imposed on the parties which participate in the political leaderships or concerning the parliamentary group. This is the most democratic form of ties among political parties. Naturally, the idea was to achieve the creation of the Union for Social Democracy. Why is this union not broadening? It was the great hope of a group within the BSP that the Bulgarian Social Democratic Party, headed by Dertliev, would remember the creation of the social democratic movement in Bulgaria and would stop being anti-BSP. The idea of the social parties to become closer within the alliance faced two developments: The first was the inclusion of the social democrats, who categorically indicated that they had no wish to do so; the second was not to include the Marxist leftist parties.

Elisaveta Milenova, Christian Women's Movement: The SDS is a coalition that rallies strong personalities. However, it is hard for them to find a way leading to a common political behavior which would exceed the restrictions of a categorical anticommunism. The situation within our coalition is the opposite: The BSP, which stamps the nature of our entire group, also includes much more vivid individual personalities compared to the SDS, but it is difficult for them to express themselves individually because of their attitude toward the BSP. They frequently start with the words "the party must...." Personal interests, personal commitments, and personal responsibility cannot always drive the entire parliamentary group.

I imagine the democratic process in a country as follows: Political realities exist and everyone must take them into consideration. I heard it said once at a meeting of the executive bureau of the BSP that we cannot allow ourselves to accept anything whatsoever from the SDS or the DPS for, you see, we do not like them. I asked: Well, they do not like us. What are we to do in that case?

In this sense the SDS as well has made mistakes. They believed that the DPS was backing them firmly. Furthermore, they had no basic policy. That was why these two major coalitions made the same mistakes for different reasons and why, essentially, we let Dogan govern Bulgaria. We lost an entire year in establishing real political contacts among the groups within the parliament.

Lyubomir Nikolov, chairman, Socialist Youth Union: In the SDS, whatever the Coordinating Council decides becomes mandatory for the parliamentary group. In our case, there are times when the precise opposite takes place: the PSSD [Parliamentary Union for Social Democracy] imposes political decisions on the parties' leaderships. This is something that the SMS [Socialist Youth Union] categorically rejects. The proper alternative may lie somewhere in the middle.

As to the attitude toward the DPS: Some three months ago, after the notorious Vitosha Conference, we, in the SMS leadership, seemed to be the first to sense that the hour of the DPS was coming. We then suggested to make public the fact that at least some 20 members of the PSSD, under certain circumstances, naturally, should be ready to support a DPS government. This was rejected. Now such short-sightedness is making itself felt.

Khristo Atanasov, chairman of the Stefan Stambolov National Liberal Party: Our unification within the electoral alliance was for the sake of achieving a national consensus. I understand this not as an agreement reached by all parties with some other party on all matters but as a consensus among equal parties on specific nationally significant problems.

Our joining of the electoral alliance involved a very fierce internal struggle. They even called us, the group which was able to prevail in joining this alliance, the betrayers of Stambolov. I hope that this will be surmounted. We lost, if I may call them such, our "right-wing" members. Conversely, we were able to expand slightly to the left and to strengthen our center.

DUMA: Did each party find whatever it sought in the alliance, or was unity of action a hindrance?

Rumen Popov, OPT: Let me immediately answer that each party lost as a result of this alliance. It lost supporters, voters, and some of its reputation. The presence of the OPT in this alliance cracked open for the BSP a door for establishing contacts with the DPS. It opened the doors for the SDS to establish a contact with the DPS. Conversely, our alliance with the BSP, as the heir of the BCP [Bulgarian Communist Party] had an impact on our electorate. However, that alliance was based not on narrow political interests but on national interests. The BSP as well did not gain any voters from this alliance but developed as a coalition party of a new type which, for the first time, worked and lived within a coalition structure. The reason is that the future in governing Bulgaria, in our view, lies in a parliamentary, a coalition situation. In that case as well we must go back to the following question: Did this alliance meet its objective?

Whether some parties can work within a coalition depends not on what they say but to the degree of freedom of action and manifestation they display after they unite. Our party has many major differences with the decisions formulated by majority vote within the parliamentary union. We have a clear objective to which we have subordinated our views. Our objective is to have ahead-of-schedule elections. The parliamentary union has repeatedly changed its views, from constructive opposition to irreconcilable opposition to ahead-of-schedule election, followed by demanding a government for the winter.

Second, we categorically stated that we cannot accept a national consensus government, unless it is organized on a parity basis among parliamentary groups, for it is they who will choose the government. There could be no national

consensus government without the SDS any more than there could be a government of national consensus without the BSP.

In our view, there must be parity and the participation of nonparliamentary groups, on the basis of 30 percent of the voters whose ballots were cast for them.

Furthermore, we seriously differed on this issue with the DPS. The parliamentary union was satisfied with a constitutional decision and considers it adequate. To us the DPS is an organization that is neither legitimate nor constitutional, for which reason we do not allow any partnership with the DPS within government agencies. We do not agree with the statement that the BSP is moderate and that it cannot participate in administration. In our view the BSP joined the parliamentary union in order to rule the moment the law would allow it to do so.

We have made a number of statements in parliament that were not suitably supported by the parliamentary union. Some of them allegedly did not adequately meet the interests of the parliamentary union. An example was our nomination of Yordan Shkolagerski as National Assembly deputy chairman. This was considered controversial. From our viewpoint, it was timely and proper.

There are extremely strong objections on our part concerning the Filip Dimitrov cabinet. We categorically told the SDS leader that it is out of the question to have once again this type of government, and issued an official letter to this effect. We also have a different view on the approach to forming a cabinet by assigning to the BSP the mandate, for to us what matters most is the ahead-of-schedule elections, and we should not change either our tactics or our main objective.

Despite such numerous differences, the OPT has not been blamed. There have been no motions on interfering in its activities, and there was no pressure applied regarding its actions. The fact that we were not blamed despite such differences in views and actions indicates that a tremendous change has taken place. In my view, this demonstrates a tremendous change in political life.

Elisaveta Milenova, Christian Women's Movement: My view on national consensus is the following: If the SDS has more votes than we do I accept that it should govern, for that is what the Constitution stipulates. If the second parliamentary group has the right to govern according to the Constitution, then it should. We must not say that the BSP has no right to govern. This is a fact, and we do not need any kind of magic formula. I regret that we realized this a little too late. Perhaps I should have abstained in the matter of Petur Boyadzhiev's candidacy. The same view should govern our attitude toward the DPS. What is wrong if they are asked to form a government? I cannot answer this. However, perhaps society has not become mature enough to accept such a reality.

In my view, this parliament was a loss to Bulgarian society, for instead of smartly working for our state, we worked just as smartly in opposing one another in parliament. The next parliament will be the same, for it will include several new

representatives who will be looking at the issues as though attending a soccer game. Internally, we were unable to formulate rules for political behavior that should be obeyed by anyone who would follow us. We failed to create any prerequisites for the normal development of the democratic process.

Khristo Atanasov, Stefan Stambolov National-Liberal Party: I believe that at this point ahead-of-schedule elections would simply mean a duplication of the present ratio of forces in parliament. Unfortunately, this would halt the positive processes within the SDS, for the hardliners control the NKS [National Coordinating Council] which will be drawing up the new tickets.

However, the fact that Edvin Sugarev resigned means that the hardliners are losing ground. Our national interests dictate that we give a chance to positive processes developing within the SDS. For that reason we must try, at this point, to keep the present parliament. Not because it is winter, but in order to ensure the furthering of such processes and to normalize political life, so that future elections may include normally thinking, sensible rather than embittered people, such as those who surround Savov.

By allying itself with the BSP, however, our party also assumed the burdens of a past for which it bears no blame whatsoever. I believe that had we been able to surmount polarization in society and in the parliament, we would have enhanced our reputation much more. Unfortunately, however, my trips around the country have indicated that to our party this coalition is of a negative value, more than anything else, for we are assuming guilts and burdens which were not ours.

We are in contact with other parties in parliament. Our major programmatic objective is privatization through vouchers. On this issue we were supported by three DPS representatives. We were told by Vasil Mikhaylov from the NSDP [New Social Democratic Party] that he tried to promote this idea within his group and was "in danger of being torn to pieces." The DPS, however, turned out to be a partner on whom we could not rely.

DUMA: If new elections were to take place, would you participate in them again in a coalition with the BSP?

Gincho Pavlov, OPT: Let me say with a feeling of full responsibility that we do not participate in this alliance for the sake of strengthening the BSP or for the sake of dismantling it. We suggested several options essentially related to our responsibility concerning the national interests. Therefore, in some of our parliamentary actions we seek the support of representatives primarily motivated by their responsibilities to the voters and to their own consciences. We also are in touch with the Democratic Party, headed by Stefan Savov, the Bulgarian Democratic Forum, and the Radical Democratic Party. These are contacts which are not aimed at opposing the policy of an electoral alliance. However, they are contacts which help to resolve a number of sensitive issues. As to the DPS, it is a reality. It is in parliament and its actions must be assessed through

its legislative activities. The experience acquired in the course of associating with the other parties and with the BSP will continue to develop in the future as well, including in elections.

Elisaveta Milenova, KhZhD [Christian Women's Movement]: I frequently tend to trust the big party too much. Not its leadership but my colleagues who, in my view, are loyal to their electorate. However, that is precisely the reason for which I once made a mistake. When unexpectedly the DPS asked us to support Savov's resignation, Zhan Videnov said: "What should we get in return?" At that point I reacted almost hysterically, for I was unwilling to lose the great opportunity offered by the DPS. It was only later that I realized that whereas I am an emotional person, Dogan is not. Zhan was right: Had we set conditions before signing the request a petition would have had to be filed, but we would have gained political advantages. We did not realize the way we lost in the game played by the president in overthrowing the Filip Dimitrov government and hastily going to new elections.

The BSP has not learned how to work within a coalition. I also imagine our cooperation as follows: That which the BSP cannot allow itself to do, for it will not be sincerely accepted because of its past, to be done by us, its political partners, for the sake of the common cause.

Lyubomir Nikolov, SMS chairman: Last year the BSP urgently needed to prove to society that it had become open, that it could join a coalition. Several months later, however, it was as though it no longer needed any coalition partners. Yet the time is approaching when, once again, it will be needing them.

We shall participate in a coalition with the BSP, but I believe that this time we shall set certain conditions for, however paradoxical this may sound, the BSP does not find a strong youth union to be to its advantage.

Khristo Atanasov, Stefan Stambolov National-Liberal Party: We suffered hard blows because of our coalition with the BSP, but we cannot allow ourselves any kind of reorientation until we can prove to the public that our decision of last year was accurate and far-sighted. We also have other suggestions, but I believe that there is reciprocal loyalty in our present coalition, for which reason it must be strengthened.

SDS, DPS Coalition, Elections Discussed

93BA0467A Sofia OTECHESTVEN VESTNIK in Bulgarian 14 Dec 92 pp 1-2

[Unattributed article: "Disagreements Persist in Overall Context"]

[Text] If the DPS [Movement for Rights and Freedoms] proposes it, the SDS [Union of Democratic Forces] will negotiate for a coalition. Such was the decision of yesterday's special political consultative meeting. Elections were discussed as a last resort. The conditions for them have now been clarified.

In the auditorium of the Higher Institute of Architecture and Construction, much less imposing and more uncomfortable than the Vitosha luxury hotel, where the September meeting was held, yesterday's debates were much more intense. One possible reason was that many of those attending realized that the two courses that were to be discussed had to be pursued from a position of weakness and under the pressure of time. Added to the domestic problems is the imminent possibility of sudden escalation of the conflict in Bosnia-Herzegovina and even spilling over of military operations into other areas of the former Yugoslavia.

The 1,117 representatives of SDS coordinating councils throughout the country, 100 deputies, and 80 party leaders attended the special political consultative meeting to discuss the situation in the country before the president gives the SDS a mandate to form a new government. Following the repeated statements by the DPS leaders that they are ready to negotiate with the SDS to form a coalition government, and after it became clear that the BSP [Bulgarian Socialist Party] mandate would not be successful, the two parliamentary groups appointed two work teams, which have already been holding preliminary talks.

In place of a pass allowing entry, each of the participants received a questionnaire in which there was the basic question, elections or a coalition government, to be answered. In response 75 percent stated categorically that they favored negotiations with the DPS, 23 percent that they were against negotiations and for elections, and 2 percent did not state a clear-cut position. But only at first glance does the readiness for negotiations appear to be absolute, because the subsequent questions specify the conditions under which this should take place. The response was that 28 percent supported the alternative under which the coalition government would have a prime minister from the SDS, with the Finance Ministry, the Ministry of Internal Affairs, and the Ministry of Defense going to the right-wing coalition. Satisfaction with a DPS government with a prime minister of the SDS was expressed by 24 percent, while 39 favored a SDS prime minister plus control of the power ministries.

Those declaring themselves to be in favor of elections were Filip Dimitrov, Edvin Sugarev, Stefan Savov, Verzhiniya Velcheva, and Yanko Yankov, and those favoring negotiations Nikolay Vasilev (Alternative Socialist Party), Vladimir Abadzhiev (Bulgarian Democratic Forum), Georgi Petrov (Nikola Petkov Bulgarian National Agrarian Union), Yordan Vasilev, Aleksandur Yordanov (Radical Democratic Party), Ivan Anev (Social Democratic Party), and Yuri Pavlov (Federation of Independent Student Associations).

If the retired prime minister was inclined to link the unqualified nature of his position with the DPS position, in which he saw an attempt by it to reshape the political arena without reaching the point of new elections, and stated his conviction that a coalition government would be shaky and unstable, Verzhiniya Velcheva accuses the retired cabinet almost directly of not doing what was

necessary under the law to control the special services, as an example. She says that she cannot ask the DPS to accept our terms for the National Intelligence Service, on the assumption that the entire apparatus of this service could be replaced without Gen. Asparukhov. Filip Dimitrov as chairman of the SDS coordinating council did not forge the necessary alliance so as to have the necessary buildings and resources, while the people close to the prime minister concerned themselves with pointless studies about the factions in the SDS.

Edvin Sugarev believes that logic is absent from the actions of the DPS, and if the SDS forms a government with it, it will immediately be guilty of participating in a cabinet including Turks, betraying the interests of the nation solely in the name of the government. For this reason the coalition will not fail to lose the next elections, and the next parliament will be procommunist.

In the midst of the final statements, the minutes of preliminary talks between the working groups appointed by the SDS and DPS parliamentary groups were read to the accompaniment of applause. The two sides reached agreement that there are no obstacles to formation of a coalition government. The working group united around the position that the Intelligence Service and the Guard Service should be placed under parliamentary control, but by means of a law enacted by the parliament. Until this occurs the services should be placed under the control of the National Assembly leadership. In the matter of personnel files, the working group agreed to propose to the two political forces that a resolution be adopted by the National Assembly that certificates be issued of nonmembership of deputies and members of the Council of Ministers in the State Security agencies.

Many of the participants in the conference expressed doubt about the extent to which a political agreement between the SDS and DPS would be binding and about guarantees that the DPS will not disrupt the coalition cabinet formed on its basis or the parliamentary majority supporting it. The last speaker, Georgi Markov, acknowledged the necessity of paying attention to the problems of the DPS electorate, stating that the SDS has not found even the time of a coffee break to invite its colleagues in the movement who had given unconditional support in the unique legislative activity. But later machinations would tie the hands of the coalition and it would be merciless toward Ahmed Dogan and the DPS leadership.

The most frightening thing is that no one admitted the possibility of the DPS forming the strangest independent government, one in composition greatly resembling or entirely coinciding with the quietly released caretaker government, if President Zhelev will have to form such a government. This, by the way, is an alternative not to be ignored.

The conference ended with adoption of a resolution stating that if the DPS proposes to the SDS formation of a government through the latter's mandate, the SDS will begin talks, without in any way injuring the prestige and dignity of the coalition. The terms are conclusion of a political agreement

with the DPS before formation of a government, no changing of votes (in accordance with laws passed the the 36th Assembly), subordination of the National Intelligence Service and the National Guard Service to the executive authority, speeding up the process of passing the bills introduced by the Council of Ministers, compliance by the parliamentary majority with the obligations assumed toward international financial institutions, exclusion of political conditions when forming a partnership with the trade unions, support of the government to the end of its mandate, and appointment of the prime minister and the ministers and deputy ministers of the power ministries. The SDS will press for allowing public access to the secret personnel files and will not support a government formed in violation with the conditions indicated.

At its end the resolution states that the National Coordinating Council of the SDS is an organ that makes political decisions and the parliamentary group of the SDS must comply with them.

Conflicts

After the morning sessions a proposal was made to arrive at some decision about the B-12 group. In the course of the discussion it was proposed that Dimitur Ludzhev and the B-12 group be expelled. Voting began but was not completed, because it was finally declared invalid. According to Dimitur Ludzhev the reason is chiefly the check made to determine if there is a quorum. It later became clear that the National Consultative Meeting is not a national conference and is not at all entitled to make such decisions. In response to the proposal for expelling Dimitur Ludzhev, Ivan Pushkarov proposed that Stefan Savov be expelled, giving as the reason that he was responsible for the May government crisis. The point of voting on this proposal was not reached at all, but the atmosphere became heated in the auditorium.

Yordan Sokolov took the floor to refute the assertion by Dimitur Ludzhev that the right-wing deputies have seen their individual files. While he was minister no one saw a file of a State Security agent. Sokolov explained that it is not necessary to divulge state secrets in order to comply with Filip Dimitrov's order. The fact that a particular person was not a State Security agent is not a state secret.

Verzhiniya Velcheva stated in the presence of reporters of this newspaper that in some mysterious way U.S. Embassy representative John Kunstander had entered the auditorium and refused to leave a political consultative meeting to which foreign guests were not invited. According to Ms. Velcheva, this is gross intervention in the domestic affairs of our country. Following her statement, Mr. Kunstander declared that he had been invited by the international division and that, if his presence was unpleasant to Ms. Velcheva, he was ready to leave the auditorium immediately, stating "we are good friends of the SDS."

A knockout of communism and a turn to the right, urged Georgi Markov during one of the recesses in yesterday's SDS session, before promising that not a single bad word

aimed at a SDS member would escape from him. It became clear that he will concentrate his talents in this respect on BSP members.

* MVR Official Complains of Political Machinations

93B40468A Sofia *TRUD* in Bulgarian 10 Dec 92 pp 1, 3

[Interview with Tikhomir Stoychev, director of the Central Service for Combating Organized Crime, by Anna Zarkova and Dimitur Statkov; place and date not given: "Ministry of Internal Affairs Aimed at Control of Societal Life Through New Superservice"]

[Text] Anna Zarkova and Dimitur Statkov interview Major Tikhomir Stoychev, director of the Central Service for Combating Organized Crime.

[TRUD] *TRUD* first wrote in its Saturday edition about the series of dismissals of superservice heads. How has this happened?

[Stoychev] The current leadership of the ministry has not managed to reinterpret the obsolete and negative basic legislation regulating the activities of the operational services. All the time they have concerned themselves exclusively with internal departmental problems, and with scarcely concealed pride they have stated that 28 regional directors have been dismissed and replaced by straight policemen. In view of the different qualifications of the police and security agency officials, in my opinion we should not be boasting about this.

And something else has happened, an effort by the MVR [Ministry of Internal Affairs] to concentrate operational information coming into the services exclusively in its hands. As a result, we have turned our gaze toward West European foreign services or our partners across the ocean in the United States and are studying their experience. There we are hardly surprised to learn that each individual operational service has archives of its own, which it keeps to itself for a period of at least 50 years. Only then, after an advisability assessment, are materials that are especially sensitive removed and the entire file sent to a common government archive. But this does not happen until the possibility is remote that persons against whom work has been done and sources that have been used might be discredited. In England, for example, only now are files started during World War II being transferred to the government archives.

To me this attempt at centralization indicates one thing. By appropriating information and subordinating it to a single authority, a group of people in the country can influence societal and political life; it can defeat and change the aims of governments or individual members of these governments.

[TRUD] How has the way to this goal been cleared?

[Stoychev] The view was expressed in the ministry leadership that certain officials of the National Security Service should be removed, and only one of my service, Deputy

Director Georgi Lambov. When I asked why, I was told that this was beyond my competence, that it was a great government problem that would be cleared up later. Private business and private bank accounts were hinted at. This is a skillfully crafted mechanism used by the MVR leadership. Not until that day did I realize that my predecessor Colonel Stefanov had been removed for similar reasons. He was convicted of having transferred huge amounts of money somewhere. But it was not stated officially that he had been removed by Decree No. 13-13 for participation in the national revival process.

The group of people in which the ministry wants to concentrate all information is from the SITAU service. Not coincidentally, this service was headed by a figure personally loyal to General Bonev. Generally speaking he participates in all the personnel shuffles. Then it was the turn of the SOTI service, which engages in wiretapping. Rangelov became its chief. And then it was the turn of the surveillance service. There is a person of Bonev's *nomenklatura* in it as well.

[TRUD] The press has attacked you more than once for carrying out "nonspecific" missions.

[Stoychev] Yes, at one time my service was accused of being a political police force. Why? Because there is no operational reporting. Operational reporting works like this. When I make a recommendation that work be done against a particular person on the basis of a lead received that he is engaging in criminal activity, this must be recorded in a special manner, in a separate report of this service, and it must be accompanied by a schedule indicating how verification will continue in the case. Because there was no such operational report in this case, we in effect had the opportunity of doing what we wanted to and no other service or government agency would know what we were doing. To a certain extent, when I talk about decentralization, this will be permissible in the future.

Our suggestions regarding establishment of such an operational report for control and temporary rules for work with our special resources were returned by the ministry. Only now that it is the former ministry leadership has a special commission been appointed to draw up rules and elaborate a tentative concept that has been making its way around the divisions for several days.

[TRUD] Someone had an interest in preventing anyone from finding out its secrets?

[Stoychev] So it turns out.

[TRUD] Did they give you any reasons when they handed you your reassignment order?

[Stoychev] No. To this day I do not know the specific reasons for it. I was told that they are supersecret and are kept by the minister and General Bonev. I was even told that the order was to be read to me only. I said that I did not agree with this. I invited the staff to be present at 1600 hours on Friday, and Ivan Turnev, head of the personnel service, read this order, requesting that he be asked no questions, since he was not competent to answer them.

[TRUD] But the MVR Press Center later put together a vague explanation that nevertheless contained serious accusations.

[Stoychev] They are not accusing me of unregulated contacts with compromised persons. However, the term "compromised persons" is suitable for use only in everyday language. But such a category and definition do not exist in a single law or regulation. You see, by virtue of our duty to detect crimes we have the right even under older instructions to meet various persons in order to obtain information. In the past we did not have such a right only as regards party secretaries and members of the leaderships of party organizations. These persons were obliged to give information on their own initiative.

These orders have now been rescinded. Until new standards have been evolved the legal presumption will remain that what is not expressly forbidden is allowed. These contacts of mine have had no purpose other than that of obtaining information, despite the attempts of some people to suggest that this was a precondition for my corruption. When on 16 November the attacks began, demanding that I hand in my resignation, I was summoned by General Bonev, and, with Colonel Ivancho Tomov present, the general declared, pounding on his desk, that I had to do this because the minister wanted it. But the minister said that Bonev wanted it. I requested a special commission, because I was being accused of something that did not exist. I told him "here is my safe, the keys to my office and living quarters are at your disposal. Are you looking for evidence of criminal activity on my part?"

[TRUD] And what did they say?

[Stoychev] I was told that such an investigation would discredit the service. But what about discrediting me personally in the eyes of my colleagues and society? For this reason I refused to submit my resignation. In my opinion that would constitute transfer from a healthy to a sick head. All that time the MVR leadership was unable to assemble a foundation of laws and regulations and update it. In the seven and a half months that I was director of this service, I attended no more than two operational meetings. One was devoted to a general report by all directors of this service, and the other was held to reprimand Viktor Mikhaylov for daring to hold the notorious press conference of 18 September 1992 on his own.

People such as Viktor Mikhaylov, Arlin Antonov, and Ani Kruleva were appointed by presidential decrees; they cannot be removed. Consequently, the goals of my removal were to deny me access to information and the problems concentrated here, so that I would be unable to talk, and secondarily to discredit me. If I start talking tomorrow it will be interpreted as self-justification. Third, it allows the MVR leadership to place all the blame on me. As the head of an especially sensitive operational service, you see, I, who have mafia connections, am responsible for the leadership's failure to combat crime effectively.

[TRUD] The inconvenient information will no doubt be cut off after you have been removed.

[Stoychev] I cannot take a single document out of this service, but my deputy or another loyal person replacing me will be able to do this. This possibility increases in the absence of an operational report. There are enough such people here. Bonev himself sent me a signed order to appoint them. Three and a half months ago the general began a direct attack on me. He declared in the Presidency and to certain political forces that I am a person about which certain compromising information is already available. And when our delegation left for the United States to take training in fighting terrorism, they started undermining my people even there. They said they knew what their director is doing; he drives a Western-made car bought from criminals, driving it only on holidays and in the provinces. In Sofia I drive a rattletrap Wartburg and leave the other car with my mother. I also was alleged to have a foreign bank account. I intended to take the car to my mother's house, which is on the verge of collapse, so that people would see that there is no garage or even a place to live.

[TRUD] That is, when you became inconvenient. And what about the political errands previously about which there were persistent rumors?

[Stoychev] When the service was working on Svilen Sevastakiev Marinov, the former economic director of KT Podkrep, information came in indicating that he used his general authorization to secure assistance from abroad and distributed it in Bulgaria among various firms. Because of the fact that the foundation serves an idealistic purpose, it had been exempt from taxes, fees, and duties. These things were sold on the foreign market, and the money received was distributed among individual persons. But the bulk of the money was returned through Bulgarian banks to the donor. But this makes nonsense of the role of the donor as such. Consequently, these transactions in effect harmed the country. Another thing is that, although we have no proof of it, we believe that money laundering is involved.

Then we said that a criminal case of smuggling would have to be developed against Marinov, and it is being developed. But because the investigation was delayed, I was called to the ministry to report. At one time the order was to compile an accurate memorandum on the data base stating approximately that nothing in the Confederation had been done without the knowledge of Mr. Trenchev. You can hardly move a desk from one room to another unless somebody approves it. I refused. First of all, my coworker on the investigation opposed it. He said that we cannot assemble compromising material against people against whom there is no incriminating evidence. If it turns out during questioning that there is, then we will propose that a case be worked up even against Trenchev himself. Then Skolov and Tatarshev asked us this question. I also refused and then it was also suggested to Dimitur Vangelov, department head under me, that there had been smuggling and illegal currency manipulations.

When I was on my way to report, I was repeatedly told that I was way behind schedule, just as the Trenchev case was. Should I not produce something against him?

Really, Sokolov is a layman when it comes to intelligence work, despite the fact that he loves to tout himself as a good jurist, but, as he points out, in civil law. This did not keep him from saying to me, "Well now, just what are these ongoing investigations of yours that you cannot wind up in one or two weeks or a month, after starting with one person. You are working very slowly." This in essence was his charge against me, that I had deliberately delayed reaction to leads for combating organized crime.

[TRUD] And so everything was brought to an end?

[Stoychev] As I was leaving, Sokolov repeatedly told me to go see Ivan Kostov, that he would tell me what to do from then on. I went to see Kostov and in private he asked me to stay. He assured me that his financial inspectors would assist me. Todor Vulchev also arrived, saying that bank inspectors would check the accounts, a legal determination had been made, and so forth. Fine. But all at once Kostov told me that we have an informant. He then introduced to me a married, or perhaps unmarried, woman, a very striking woman, a certain Terziyska. He said to me, "Listen, teach her how to run an intelligence operation." And I replied that it is not as easy as you might think. Then I asked her what she wanted to learn from us. "I will put it in these terms: You have a certain informant and do not want to tell me who he is. Well, let him remain incognito, but when you meet him persuade him to meet with our personnel, or simply let one of our people be present at this conversation with him." The reason was that he had information indicating that Trenchev and others were criminals. Afterwards this Terziyska simply did not show up again. The only thing she did was notify us on one occasion that the person did not allow himself to be persuaded. Then she told me that he had been interrogated personally by Mishev, Filip Dimitrov, and others.

[TRUD] Other political errands?

[Stoychev] I had to put a case together quickly in order to arrest Ludzhev. What were we to arrest him for? We had a threat to the government on our hands; something had to be done. We had a lead that had to be checked out. It indicated that he and a group of people had completed a deal for 130 million leva through a company named Orion-Yug to supply underwear for the Army. We had to check this out, but very quickly, so quickly that the Police Administration could immediately say that we have more information and are working on it. This Slavcho Bosilkov, who is the new deputy director, had the information. My section head wanted to work on the case and made all the materials he had available to me.

After I was ordered to prepare a report on resignation on 16 November, on 17 November I received three documents dating from the time of Chavdar Petkov (former counterintelligence director—ed.), in which it was stated that checks had been made and had led to nothing. The documents had remained in Bonev's office from March 1992 to 17 November 1992. Frightened by the personnel shuffles going on around him, Bonev turned to me to straighten out the situation. And I asked him, "did you

order this to be sent to the administration? This document is not for my service but for the security service."

In other cases we also reported on concealed transshipment through Bulgarian territory, as for example in the case of Khimimport [Enterprise for Export and Import of Chemicals and Drugs] and others. Three huge reports on these cases still have not been returned to us. Why has there been no response?

[TRUD] Surely you are being watched now.

[Stoychev] It reached the point that a case was developed against me as a criminal in accordance with all the rules of the operational art, including the use of technical resources. There is also information to the effect that the measures against me were discussed with a foreign service, with a foreign intelligence representative. To me this borders on treason, and if this proves to be true, I will not demand any legal rights, but I will go and finish off this general. There is only one punishment for treason.

[TRUD] You have already stated that you are demanding rights. How?

[Stoychev] I will obey the order and occupy my new position. I am not offended by having to do operational work. But I will also draw up a report to the internal affairs minister stating that I believe the order issued by him to be illegal. The order directing my reassignment is based on Article 1, Section 1, of the law on the MVR. This law states that the minister is authorized to appoint management personnel in the MVR, but in preceding Article 57 I am assigned to the category of higher management personnel, that is, the minister has no authority to reassign me. In addition, he appoints management employees. My interpretation of Article 61 is that he can appoint only management employees in the ministry who are lower in ranking or equal in position in the ministry. But when it comes to appointing a higher management employee, first of all it is against the law, because only the draft law that has not been submitted to parliament for discussion has added to it the words "and reassigns." It is no coincidence that the person who submitted this bill also proposed this addition.

[TRUD] Are you afraid?

[Stoychev] No. Their eliminating me physically does not solve their problem, because the information is here, in this service.

The National Security Commission not only must give me a hearing but must also appoint a special commission to check on the activities of the service, because then other things will come out. The leadership of the ministry has artificially filtered out information that should go to the Council of Ministers and the President's Office.

When we speak of arms deals, for example, our military industrial complex cannot be driven to the point that people lie down on the rails and children throw themselves under trains, and at the same time this government with its notorious commission issues reexport licenses to various firms that reexport foreign rather than Bulgarian weapons.

* Background, Views of New Justice Minister

93B40486A Sofia KONTINENT in Bulgarian 5 Jan 93 p 2

[Article including interview with Professor Misho Vulchev, the new minister of justice who will preside over the Higher Judiciary Council, by Tikhomir Sholev in Sofia on 4 January: "Ivan Tatarchev's Resignation Is Not a Topical Issue"]

[Text] For the first working day of the government in 1993, KONTINENT chose a "power" minister, Professor Misho Vulchev, who heads the Ministry of Justice, as its interlocutor. Mr. Vulchev was an assistant to Professor Venelin Ganev until 1950, when, being the son of a tsarist general, he was denied the right to teach commercial law, an area in which he had defended his doctoral thesis. It was also at that time that Professors Katsarov, Svetoslav Luchnikov, and others were expelled from the university.

In 1969 Misho Vulchev became member of the legal council of the Ministry of Foreign Trade and, subsequently, member of the Arbitration Court of the Chamber of Commerce. He chaired the council on legal acts in the cabinets of Dimitur Popov and Filip Dimitrov.

Professor M. Vulchev does not agree with the "categorization" of power and nonpower ministries. He hopes that the deputies to his predecessor Luchnikov will remain as his deputies as well, and does not anticipate any reductions in the ministry's personnel. The first projects of his department will be to fill the vacancies in the judicial apparatus, to deal with draft structural laws within the judiciary, and draft laws on the creation of a Supreme Court of Appeals, a Supreme Administrative Court, and appellate courts.

[Sholev] Professor Vulchev, as minister of justice, according to the Constitution you will chair the Higher Judiciary Council. What are the most pressing issues facing the council, in your view?

[Vulchev] There is a regulation governing the Higher Judiciary Council, dealing with current issues, and no revolutionary changes should be expected.

[Sholev] In the Higher Judiciary Council you will be working with Ivan Tatarchev, the chief prosecutor. What do you feel about his activities? He was blamed by the DPS [Movement for Rights and Freedoms], and some deputies are asking for his resignation.

[Vulchev] People must evaluate Ivan Tatarchev's actions for themselves....

[Sholev] I am asking you this because one of the ways to remove him from his position is through the Higher Judiciary Council.

[Vulchev] The chief prosecutor is nominated by the Higher Judiciary Council and appointed by presidential ukase. The council could issue a ruling on Mr. Tatarchev, but I do not see why the question should be asked.

[Sholev] How do you assess the cadre situation in the judiciary?

[Vulchev] At present I am unable to answer you.

[Sholev] Nonetheless, it is known that there are prosecutor's offices without prosecutors; there are court vacancies, the investigators carry an exceptionally heavy load, while lawyers are in a hurry to become defense counsels.

[Vulchev] Yes, this is true, and the problem of finding personnel remains. Furthermore, it seems to me that the trend toward becoming defense attorneys is weakening, and I hope that it will weaken even further.

[Sholev] What is your attitude toward the development of a private notary system and the pertinent draft law?

[Vulchev] I am one of those who, one year ago, took up the initiative of regulating the private notary system. However, it is still too early to determine the nature of the final draft of this law.

[Sholev] What about the structural laws governing the judiciary; when will they become a fact?

[Vulchev] This depends on the National Assembly.

[Sholev] Are the draft laws ready?

[Vulchev] A number of drafts exist, but it may be necessary to take another look at them.

*** Activity, Role of Constitutional Court Described**

93BA0486B Sofia DUMA in Bulgarian 5 Jan 93 p 7

[Article by Vasil T. Vasilev: "With a Constitutional Court Toward Perfection"]

[Text] Before Christmas, the Constitutional Court had already published in DURZHAVEN VESTNIK 21 of its rulings on a variety of argued cases. Whether they were accepted or rejected by specialists, politicians, or the public at large, according to the mandatory stipulation of the Constitution and the Law on the Constitutional Court, "The acts of the court are final," and its "resolutions... are binding to all state authorities, juridical persons, and citizens." Their binding nature quite naturally draws attention to the mechanism of issuing Constitutional Court rulings, and the possibility that the court would take into consideration the entire variety of views and arguments before ruling on a given case.

It would be no exaggeration to say that the rights of the constitutional judges are tremendous in terms of comprehensiveness, fullness, and objectivity. The Constitutional Court has the right to ask for additional written proofs and to assign the drafting of expert conclusions. No one can refuse any kind of requested information or written proof, regardless of whether they are state or service secrets. The justices have the right to visit the premises of all state institutions and economic and public organizations, and be supplied with the required information, while the state authorities in the country must provide full assistance to the Constitutional Court justices in the exercise of their rights. In each separate case the Constitutional Court will name the involved interested institutions and individuals and inform them of the deadline for presenting their views.

Nonetheless, the practice of the Constitutional Court shows some gaps, the elimination of which would enrich the intellectual input received by the justices.

To begin with, the Constitutional Court frequently ignores the debates conducted by the Parliamentary Legislative Commission. This is despite the fact that all acts of the National Assembly are of a legal nature and must mandatorily be discussed by the commission and that, equally mandatorily, complete records are kept of its meetings. In terms of the consistency between draft laws and resolutions and the Constitution, the Legislative Commission consists of people who meet in full all the requirements for becoming a Constitutional Court justice.

By the fault of the Constitutional Court it becomes impossible to assemble all the arguments against legal acts attacked in the National Assembly. The parliamentary majority, which, in the final account, passes the laws and resolutions, habitually concludes its plenary debates with a vote. Usually, this applies to the most controversial problems of social significance. A number of things remain untold and are not included in the minutes. Ruling on the individual National Assembly resolutions by the Constitutional Court does not help the interested parties.

Based on the resolutions published in DURZHAVEN VESTNIK, the National Assembly has not responded in seven cases. They involve arguments on farmland, international treaties, pensions, immunity of representatives, the functions of a National Assembly chairman after his resignation, lack of confidence in the Council of Ministers, and the closing down of the Varna Free University. In eight other cases it is not clear why they should be of interest to the National Assembly. The National Assembly chairman has issued his views on six cases.

This is done without the benefit of the Constitution and the regulation governing the organizations and activities of the National Assembly in justifying such activities and without the existence of a special parliamentary act on this issue. Yet... the Constitutional Court remains silent. It may discuss a National Assembly opinion signed by Stefan Savov or by Snezhana Botusharova. The Constitutional Court justices are undoubtedly aware of the fact that the parliament's chairman, even if his or her name is Stefan Savov, Aleksandur Yordanov, or Snezhana Botusharova (temporary), does not mean that this is the view of the full parliament. Or else, the fact that the chairman is chosen by majority vote that decides on the passing of a law or resolution. It is as though deliberately the Constitutional Court is unwilling to hear anything contrary to a view on constitutionality which has prevailed in the chamber and, case after case, considers the National Assembly as an involved party.

It would be ridiculous to demand or expect (something we do not believe) a plenary debate to answer the Constitutional Court. The view of the National Assembly has already been made public in the law or in a resolution attacked in the Constitutional Court. Furthermore, it is only parliamentary groups that can submit a case. Their consideration as interested parties, rather than the

National Assembly as a whole, would ensure, in any argument, the submission to the Constitutional Court of the full range of arguments for or against a given issue.

Which among them will be accepted by the Constitutional Court is the court's business. However, nowhere is it written that there must be 12 apostles in the area of the law.

*** Chief Inspector of Armed Forces on Role**

93B404814 Sofia DUMA in Bulgarian 5 Jan 93 p 7

[Letter to the editor by General Yordan Mutafchiev, chief inspector of the Armed Forces: "What Is the Inspectorate of the Armed Forces?"]

[Text] The Law on Defense and the Armed Forces is about to be debated in the National Assembly. This fact justifiably triggers an interest among political circles in the country, an interest that is manifested by a number of publications in the press. There are debates on the basic stipulations included in the draft law concerning the functions and authority of the individual institutions and their interconnections and interrelationships.

The commentaries by Vasil Popov in DUMA, carried in the 17 and 28 December 1992 issues, are the reason why we are expressing our categorical views on such matters and our disagreement with such comments. The purpose of the comments is to create tension between the Inspectorate of the Armed Forces and the General Staff of the Bulgarian Army and, once more, to disinform the public.

The press is concentrating on the various options of the draft law: "Staliyski," "Durmov," and of the General Staff of the Bulgarian Army. Actually, the so-called "Staliyski" draft law is the one submitted by the Ministry of Defense, something which no one denies. It was drafted by a commission which included deputy ministers, deputy chiefs of General Staff, deputy commanders of the various branches of the Armed Forces, chiefs of military and civilian administrations in the Ministry of Defense and the General Staff, and lawyers, who have taken into consideration all the expedient proposals concerning changes, submitted by the forces.

The only reason for which this draft law is known as "Staliyski," is that the draft law was submitted to the Council of Ministers by the minister of defense for its discussion.

Following its discussion by the Council of Ministers and its acceptance, in principle, the draft Law on Defense and the Armed Forces was sent back for further work. The working group, in its expanded membership, which included also the chief of the military office of the president, the military adviser to the prime minister, and representatives of the General Staff and the inspectorate, provided the necessary clarifications and made the necessary changes.

The basic principle in the draft law submitted by the Council of Ministers to the National Assembly is that of

civilian and parliamentary control over the Armed Forces. It is unclear why the commentator has described it as a populist slogan.

The Inspectorate of the Armed Forces is an independent supervisory authority through which the minister of defense and, through him, the government and parliament exercise objective civilian and parliamentary control over the military structures.

There probably still are people who are unable to understand that we are in a new political situation in which democratic changes are irreversible and do not exclude the Armed Forces. It is true that in some Latin American and African countries, where society and the state are controlled by the army, which keeps them in line with its power and organization, the army is outside civilian control. In that case, the existence of supervisory authorities such as the Armed Forces Inspectorate makes no sense. All that are needed are authorities for internal subordination control, as was the inspectorate until 1991. It appears that some people liked this situation and that is precisely why Mr. Popov qualifies the Armed Forces Inspectorate as nonsense...? (

The inspectorate has neither control nor guiding functions in peace or war. Its tasks are to investigate and assess, and to make suggestions and recommendations related to the overall support and activities of the Armed Forces and defense-mobilization preparedness of ministries and departments.

The fact that the chief inspector becomes deputy supreme commander in chief in charge of control and coordination of activities of the Council of Ministers and the General Staff in times of war without having command functions, in no case limits the authority of the chief of the General Staff in terms of the operative-strategic command of the Armed Forces as commander in chief, but helps him in directing and implementing the defense of the country.

The special position of the Inspectorate of the Armed Forces, which is under the direct command of the prime minister at the present stage, is defined by the specific structure of the Armed Forces of the Republic of Bulgaria. In addition to the Bulgarian Army this includes the Border Troops, Internal Troops, the Troops of the Ministry of Transportation, the Troops of the Committee for the Postal Service and Telecommunications, and the Construction Troops, which are directly involved in the defense of the country both in peace and wartime. This practice is similar to that of the armed forces in developed countries, where the inspecting authorities are mainly independent and are under the direct jurisdiction of the respective ministries. Such has been the experience in the Bulgarian Armed Forces as well ever since they were created (excluding in times of war).

As to our relations with the French inspectorate, they are an unquestionable fact. More than five months ago we were presented with the entire structure of the control authorities of the French Army. In November 1992 one of their representatives, Col. Sinier paid a working visit to

Bulgaria. He delivered a lecture on the topic and we exchanged the necessary information. We have established similar contacts with the inspecting authorities of the Armed Forces of the United States in Europe, of Greece, and of Czechoslovakia. We are about to establish contact with the supervisory authorities of the Turkish and Italian Armed Forces. The views of Mr. Popov could only harm our further contacts.

In conclusion, let us express our readiness to establish direct contacts with and provide full information to the media, and express our desire for objectivity, professionalism, and ethics in reflecting the activities of the Armed Forces and their agencies.

*** Teraton Official on Future of Arms Industry**

93B40474A Sofia *BULGARSKI BIZNES* in Bulgarian
14 Dec 92 pp 1-2

[Unattributed interview with Mladen Mutafchiyski, Teraton Corporation managing director, on the future of arms production in Bulgaria; place and date not given: "Improving Export Positions Will Help Bulgarian Weapons"]

[Text] [BULGARSKI BIZNES] Mr. Mutafchiyski, could you briefly introduce us to the Teraton Company, its business interests, and its position in the arms business?

[Mutafchiyski] Teraton is a state foreign-trade enterprise. It was established in 1988. It was reorganized by a resolution of the Council of Ministers as a corporation with 100-percent state ownership. Its activities are based on the requirements of the law. Since Teraton is a state enterprise, in all cases and at all times its deals are controlled by the state and must meet all legal requirements.

Ever since its creation, with few personnel but good organization, Teraton has achieved very good commercial and financial results. On the basis of such commercial results, the company's earnings have been high.

Not least in its activities, Teraton tries to draw foreign investments and to organize its work in a way that will bring capital into Bulgaria. I do not understand populist statements according to which any attraction of capital and interest shown by a foreign company in engaging in joint foreign-trade activities is a scheme aimed at the eventual enslavement of our economy, and so on. Naturally, in the case of such eventual investments, we must always specifically coordinate the interests of Bulgarian state firms (companies) with those of the foreign firms. It is only when these two interests are matching that we can have a specific mutually profitable contract. We must not forget that despite the Law on Foreign Investments and some other prerequisites developed in the country, unfortunately we still hold one of the worst positions in the world in terms attracting foreign capital.

[BULGARSKI BIZNES] Which one of the two claims (of the government's commission or the arms manufacturers) is more accurate: that no perfect deals have been made, for which reason the commission does not allow the export of

weapons, or else that there is a silent ban on the export of weapons and special ordnance? If indeed the executive branch has blocked exports, what is the reason for this decision, in your view?

[Mutafchiyski] I cannot specifically assess which of these two claims is more accurate, for the simple reason that I am unfamiliar with and have not been given the documents which have been submitted to the government's commission. The commission alone can provide a precise answer to the first question. The commission is authorized to grant permissions for deals involving military and special goods, and name the entity that will carry them out. If the documents submitted are perfect but still the commission has not allowed the export, this indicates that it must have had a substantive reason to do so. On the other hand, it is a fact that unsold goods remain in the plants and that the sector is in a state of crisis.

[BULGARSKI BIZNES] Do you agree with the view that companies in the defense industry are being deliberately brought down on their knees? Are there reasons to claim that it is in "someone's" interest for Bulgaria to be expelled from its traditional markets?

[Mutafchiyski] In principle, all states and all companies are interested in sales and try to conquer new markets. Bearing in mind that competition on that market is particularly strong, exporting in it is proof of competitiveness. Against the background of the crisis in the military-industrial complex, and a drastic curtailing of exports in the past few years, it is natural for Bulgaria's presence on the international weapons market to have declined. In my view, this "someone" about whom you are inquiring includes a set of reasons, consequences, prerequisites, and conditions which have paralleled the various processes in our economy in recent years. They are known and I do not believe that I could add anything new in that respect.

[BULGARSKI BIZNES] What is your view on opportunities in the arms business, and does the solution of its problems depend on politicians alone?

[Mutafchiyski] The prospects are directly related to the economic situation of the country, the program that will be implemented by the government, and, naturally, the situation on the global market. As I have already pointed out, competition in this business is very strong. Obviously, this requires of the competent authorities and the managers of the companies to undertake as soon as possible to resolve the issue of enterprise debts, the more so since Council of Ministers Letter No. 234 provides certain facilities for restructuring the obligations of state firms and companies. In this connection, I believe that we must study on a priority basis and specifically resolve the issue of debts owed by military-industrial complex enterprises.

At the same time, we must liberalize the licensing-deal mechanism.

The collapse of the Soviet Union and of the socialist camp resulted in a redistribution of the areas of influence and situations in the world arms and special-products market. The U.S., French, British, German, and Israeli companies

that produce items with high technological standards currently hold leading positions in the world market. The holding of our positions in the world arms business is possible exclusively on the basis of our economic cooperation with some of these leading companies. The reason for this is the need for huge investments for the technological retooling of arms-manufacturing companies and the implementation of a new policy in the area of scientific research and development. Connections with arms manufacturing companies with an established reputation on the world market, enjoying the official support of the state administration, and investments that could be made in our country, as well as joint foreign economic and trade cooperation, would enable the Bulgarian arms industry to stabilize its position and retain a high percentage of the jobs that it generates.

All of this would create prerequisites for updating and reviving the production process, so that we could adequately meet the demand of the market. Briefly, the current picture is as follows: Markets offering good solvent opportunities are looking for arms that we are unable to produce for lack of resources, although we have modern technologies and electronic technical production facilities at our disposal.

Furthermore, the program that will be adopted by the new government and its active support and cooperation greatly influence and will continue to influence our export positions on the present markets and the penetration of new markets.

Without the existence of such components we cannot hope for good prospects in the future.

* Scope, Direction of Foreign Trade Analyzed

93BA0469A Sofia BULGARSKI BIZNES in Bulgarian
21 Dec 92 pp 1-2

[Report by Emiliya Gigova: "Despite the Decline, Foreign Trade Is Growing"]

[Text] *Our most dynamic export markets are in Belgium, and the fastest growth of imports is from Greece.*

One more year has passed, a year of expectation and hopes for effective and favorable changes in the country's economy. But what is the reality? This year as well proved to be difficult and hard from the economic, political, and all other aspects. Foreign trade is no exception.

The following study makes use of information computed on the basis of the rate of exchange between the leva and the U.S. dollar for the respective period, based on the comparability of dynamics of the various processes in time and a more objective depiction of their characteristic trends. Based on data supplied by the National Statistical Institute, Bulgaria's foreign trade showed a 20-percent increase for the first nine months of 1992 compared to the same period in 1991 (the study covers the January-September 1991 and 1992 periods). The increase is essentially due to imports, which showed an increase of 46.4 percent, whereas the growth of exports remained at last year's level. The result

has been a negative balance and, correspondingly, a shift in the structure. The predominant share of exports in 1991 dropped by approximately 10 percent, down to 47.7 percent; imports increased correspondingly by the same amount, exceeding the 50-percent mark.

The trend toward a drop in the overall trade with the former socialist countries that was noted over the past two to three years remained this year as well. Its overall decline amounts to 21 percent. This negative result affected essentially exports, the volume of which dropped by 40 percent, whereas imports increased by nearly 9 percent. The opposite trends of development in exports and imports with the East European countries also led to major changes in the geographic structure. Offers of Bulgarian goods on those markets dropped to an incredibly low level of 17.2 percent, considering that two years ago this indicator had reached the 75-percent level. A certain, although lesser, drop in activities may be noted in imports as well. The share of procurements from that area dropped by 13 percent compared to last year, reaching the level of 38.1 percent in 1992. It is unquestionable that with such dynamics of processes it becomes mandatory to determine the factors that have led to such a development, in order to eliminate or at least minimize their negative impact.

The great reduction of exports to Central and East European countries is the result of drastic curtailment of exports to the CIS [Commonwealth of Independent States], whose market until 1990 absorbed more than 50 percent of Bulgarian export goods. Currently, however, the value of exports to the CIS has dropped by 68 percent, and its relative share is now under 10 percent.

Bulgarian Exports—Dynamics and Geographic Structure

Under the new circumstances, Bulgarian export-goods producers are seeking new markets for their goods and for compensating to a certain extent their limited demand on the former socialist market. The results may be considered optimistic. Bulgarian goods are being increasingly sold on the markets of West European countries, in the Balkans, in Arab areas, and in some Asian countries. This year, in terms of value the volume of Bulgarian exports to industrially developed countries has retained its rising trend, which has been characteristic for the past two years, and was approximately double (193.8 percent) that of the first nine months of 1991. There even are countries to which exports for the first nine months have exceeded the overall volume of exports for all of 1991. In this case, we must distinguish between two different trends in the dynamics of the export curve. One is a growth for the West European countries, while the other is a decline for the United States and Japan, whose markets, although considered by a number of experts as promising, are still failing to yield expected results.

The most substantial increase is noted in exports to the members of the European Community—228.6 percent, as a result of which the volume of such exports almost equals that of exports to Central and East European countries. In terms of this indicator, Belgium convincingly leads with an increase in exports exceeding a factor of 4.5. It is followed

by Italy, Greece, and Germany (Table 1). Let us note that, in this respect, foreign trade relations with the countries in the Iberian Peninsula—Spain and Portugal—are still characterized by weak activeness, as a result of which exports to those countries has remained at last year's level.

A growth, albeit minimal, may be noted in the value amount of exports to EFTA members of 111.6 percent. Noted in this group are Finland, with a 173-percent increase, followed by our traditional partner Austria, 132.1 percent. There has been a certain drop in exports to Switzerland and Sweden.

Second strongest after the EC in terms of increase of exports by area are the Arab countries, with 120.2 percent. Among them, Syria and Lebanon are countries on whose markets Bulgarian goods are particularly well received.

There is a favorable dynamic in Bulgarian exports to Turkey and to some Asian countries. Exports to our southern neighbor are second (after Belgium) in terms of growth—366 percent. There has been an increase in exports toward distant Thailand (220 percent) and China (142.8 percent), as well as to Iran—171.4 percent. It is assumed that these markets will be attractive to Bulgarian exporters in the future as well.

Table 1
Dynamics of Bulgarian Trade
for 1991-92 (Jan-Sept)

Area	Exports			Imports		
	1991 (\$)	1992 (Millions)	1992/91 (%)	1991 (\$)	1992 (Millions)	1992/91 (%)
Total Volume	4,332.6	2,438.5	100.2	2,700.4	2,673.7	146.4
Central and Eastern Europe	1,886.8	880.1	60.0	1,256.5	1,017.3	108.7
CIS	1,708.4	407.1	31.7	1,167.2	640.9	7.3
EC	537.4	808.7	228.6	557.8	899.1	218.9
Germany	163.3	206.6	208.0	188.3	340.1	236.7
Greece	74.7	151.7	241.4	24.0	172.6	1,110.8
Italy	92.7	119.7	250.2	112.6	132.7	170.9
Belgium	32.6	102.3	457.8	23.6	31.9	195.4
EFTA	115.8	98.8	111.6	210.8	185.1	123.7
Austria	33.7	32.8	132.1	126.5	88.2	92.8
Switzerland	53.3	42.3	99.1	55.8	65.8	174.0
Arab Countries	284.1	221.4	120.2	122.5	178.6	253.4
Asia (excluding Japan)	304.7	221.9	106.8	163.8	211.2	127.7
China	42.9	40.5	142.8	10.0	27.0	404.8
Iran	26.6	36.9	171.4	74.3	74.1	660.2
Turkey	102.8	153.7	355.8	23.4	43.7	205.7
United States	115.2	33.6	53.0	77.5	86.4	144.7
Japan	23.8	10.4	49.2	14.6	46.8	379.0

Unquestionably, the different extent to which the absolute volumes of Bulgarian exports expand and shrink causes substantial structural changes in their geography (Table 2). For the first time, the former socialist countries, whose share has declined to under 20 percent, have yielded their leading position to the industrially developed countries, whose presence in our export list has increased by 8.5 percent, reaching 21.8 percent. Of these about 16 percent go to EC countries and only 2 percent to the EFTA. Let us note at this point that Bulgarian exports to EFTA countries is developing at a slowed pace not only compared to its dynamics compared to the other areas but also compared to the recently achieved exports to other East European

countries, such as Poland, Hungary, and Czechoslovakia. Exports by each one of these countries to EFTA countries exceed Bulgarian exports by a factor of more than 10. This is an exceptionally great minus for Bulgarian foreign trade, bearing in mind the geographic proximity of these countries and the existing traditional ties with most of them. The faster and more successful surmounting of this major problem is of great importance in terms of the future of our trade with such partners, for the great danger exists that our commodities may be replaced by the more competitive goods produced by said three countries, the more so if we take into consideration their advantage in terms of their association with the European structures.

Table 2
Geographic Structure of Bulgarian
Exports and Imports for 1991-92
(Jan-Sept, in percent)

Area	Exports		Imports	
	1991	1992	1991	1992
Central and Eastern Europe	34.4	17.2	51.2	38.1
CIS	30.1	8.0	46.6	24.0
European Community	8.3	15.8	22.5	33.6
Germany	2.3	4.0	7.9	12.7
Greece	1.2	2.3	0.9	6.5
Italy	1.4	3.0	4.0	5.0
Belgium	0.5	2.0	0.9	1.2
EFTA	2.1	1.9	8.2	6.9
Austria	0.6	0.6	5.2	3.3
Switzerland	1.0	0.8	2.1	2.5
Arab countries	4.3	4.3	3.9	6.7
Asia (excluding Japan)	4.9	4.3	9.1	7.9
China	1.2	1.7	0.4	1.0
Iran	0.9	1.5	0.6	2.8
Turkey	1.0	3.0	1.2	1.6
United States	1.5	0.7	3.3	3.2
Japan	0.5	0.2	0.7	1.7

The list of exports is still headed by the CIS, despite the collapse. The share of that country dropped by 30 percent to 8 percent. Germany has retained its second place and its share increased by nearly 2 percent, amounting to 4 percent, as much as the share of the Asian (excluding Japan) and Arab countries. Turkey has moved much farther ahead, thanks to its share which has risen from 2 to 3 percent and directly follows the CIS, Germany, and Yugoslavia. The revival of exports to the Chinese market has also led that country to assume leading positions in our export list. Furthermore, in terms of this indicator China has outstripped most countries of the EC, the United States, and the EFTA, coming closer to their total share.

Bulgarian Import Trends

The overall trend that characterizes the dynamics of Bulgarian imports in its geographic aspect is virtually similar to that of exports, naturally in terms of specific markets, classified by kind and speed of dynamics of commodity flows showing substantial differences as well. Thus, for example, in terms of value, the volume of imports from the East European countries, the United States, and Japan shows an increase, unlike the situation with exports.

Between January and September, imports from Arab countries showed the highest increase—253.4 percent, again mainly from Syria, which accounts for 27 percent in this

group. It is followed by the EC countries with 193.4 percent, particularly noted among which is the increase of imports from Greece, which slightly exceed a factor of 11. As we look at the dynamics of imports by specific country, also impressive is the increase of commodity flows into the Bulgarian market from Iran—by a factor of nearly seven; Cyprus, four; Japan and Canada, almost four and Germany and Finland, 2.4, followed by Greece with 206 percent. At the same time there has been an increased negative trend in the dynamics of imports from the former Soviet Union, which showed a decline of 25 percent. There has been virtually no imports from Pakistan, which accounted for 3 percent in Bulgaria's overall imports in 1991.

Such briefly indicated changes in the dynamics of imports have led to shifts in their territorial structure. For the first time in a number of years, the share of countries from Central and East Europe has dropped to below one-half of the overall volume, down to 38 percent. Imports from the CIS have drastically shrunk, as was the case with exports, which made its share to be nearly one-half that of 1991. On the other hand, there has been a particularly high leap in the share of industrially developed countries, from 35.9 in 1991 to 47.4 percent in the first nine months of 1992. Goods imported from EC countries account for 33.6 percent, with Germany and Greece in the first place. Their share of our import goods has increased by 4.8 and 5.6 percent, respectively, or 12.7 and 6.5 percent of the total.

Despite the increase in the absolute volume of imports from EFTA countries, their share has declined from 8.2 to 6.9 percent. This is caused almost entirely by the reduced import of goods from Austria, whose share declined from 5.2 to 3.3 percent.

There has been a noteworthy increase in the import of goods from the Arab countries, as a result of which their share has increased by 3 percent, reaching a total of 6.7 percent. They are thus successfully competing in terms of value with the goods they offer with members of the EFTA. The Asian countries (excluding Japan) have retained their third position in the geographic structure of our imports despite a reduction on their share by 1.2 percent, down to 7.9 percent.

The structure of Bulgarian imports, broken down by individual countries, has greatly changed its nature, bearing in mind the entry of some newly established republics in Central and East Europe. The leading position is still held by the CIS, which is significantly ahead of Germany, Greece, and Italy, which follow it. Fifth is Ukraine, with 4.3 percent, outstripping partners such as Austria, which dropped from third last year to sixth in 1992, the United States, Japan, and others. Increased imports from Iran led to an increase of its share from 0.6 to 2.8 percent, placing it first in the first 10, and thus leading to a shift in the geographic structure.

Foreign Trade in its Commodity Aspect

It is difficult to make overall summations and speak of stable and steady trends while major changes are taking place and production continues to decline. Nonetheless,

against the background of such fluidity, we could note some more impressive positive and negative results.

Three-quarters of the exports in terms of value are accounted for by 23 commodity groups or the so-called new commodity sections, which are consistent with the coordinating system. Their relative shares fluctuate from 1.5 to 8 percent. First place is held by the commodity group of cast iron, iron, and steel, followed by nuclear reactors, boilers, and parts and mechanisms for boilers accounting for 7.3 percent; electrical machinery and instruments, apparatus for sound recording and reproduction, and television screens, 6.7 percent. Tobacco and processed tobacco substitutes, and copper and copper goods account for 5.25 percent each. Such classification, based on sectorial features, clearly indicates that goods of agricultural origin predominate with 21.3 percent, followed by machines and equipment with 17.2 percent, and chemicals with 11.5 percent. Also clearly noteworthy are clothing and shoes, which account for 6.6 percent.

In imports the commodity structure is more compact. Three-quarters are accounted for by no more than 12 commodities, among which strongly noted are mineral fuels, whose share accounts for slightly over one-third. Next strongest, with 10.4 percent of the imported commodities, are nuclear reactors. The share of the remaining items, which account for 75 percent of the overall import value, range from 1.8 to 6.4 percent, dominated by machines and equipment with 12.1 percent, followed by chemicals.

A similar interpretation of the dynamics of commodity flows is difficult because of the different types of commodity sections developed until 1991 and during 1992. For that reason, we shall indicate some of the most noticeable changes based on physical volumes. This year, as in the past, the volumes of some commodities have increased while those of others have decreased. There has been an essential increase in the export of some agricultural commodities, as follows: lard, 277 percent; beef, 44.6 percent; canned tomatoes, 4 percent; and sheep, by a factor of nearly three; light industry goods, such as cotton fabrics, a factor of 2.6; shoes, 1.2; some chemicals, such as bicarbonate, 231 percent; carbamide, a factor of 1.3; and ammonium nitrate, a factor of 1.2.

More impressive in imports is the growth of the physical volume of iron ore—254; news print, 74; cigarettes, 33; trolley buses, 23; citrus fruits, 9; etc. There have been substantial reductions in imports including wheat, 98 percent; wool, 95 percent; rice, 87 percent; soy bean groats, 32 percent, etc.

Forecasts for 1993

At the present stage of the economic and political instability in our country, it is exceptionally difficult to provide specific projections on the development of foreign trade in 1993. Trade dynamics are directly influenced by a multiplicity of internal and external factors, dominated by those with a negative impact. Defining factors will include the production resources of our country, the results of the talks

on becoming part of the European structures, the dynamics of the exchange rate of the lev to the dollar, some political events, etc. Most generally, we may anticipate that the trend of expanding trade with the West European countries will be retained although its pace will be more moderate. Trade with the East European countries could be expected to stabilize and exceed the 1992 level.

One of the possible variants in the development of Bulgaria's trade may be presented graphically.

* Infrastructure Deficiency Slows Restructuring

93BA0470A Sofia *BULGARSKI BIZNES* in Bulgarian
21 Dec 92 pp 1-2

[Article by Ivanina Mancheva: "Concert for One String and Public"]

[Text] *A restrictive policy lacking the support of a developed financial infrastructure turns against itself.*

At the beginning of this year, it appeared that the most difficult period was behind us and that we would be able to undertake a gradual easing of the restrictive financial policy, thus creating prerequisites for rebuilding the economy within a medium-long period of time. These hopes, however, were postponed for a few months, particularly after the May price jump, but then reappeared in the summer, when the Central Bank, encouraged by the seasonally low rate of inflation and the declining currency exchange rates, lowered on three occasions the main interest rate from 54 to 41 percent. By the end of the year, we can see that this BNB [Bulgarian National Bank] gesture is going nowhere.

At the beginning of this year, it was believed that inflation would not exceed 40 percent (it became 65 percent, several months later), that the budget deficit would remain within the limits of 9.2 billion leva, that the internal state debt would increase by 7 billion leva, and that the average annual basic interest rate would be 40 percent.... By the end of the year, it is almost certain that inflation will come close to 80 percent, that the budget deficit will exceed 10 billion leva (excluding the additional 1.85 billion leva interest on foreign debts), that the internal state debt will at least double (instead of not exceeding 30 billion it will be at least 40 billion leva), and that the average basic interest rate will be about 48 percent.

These forecasts were "breached" not because of any sudden action by foreign factors. Naturally, we could point out that the amount of the loans obtained from international financial institutions in 1992 was critically low. In practice, the bulk of the funds granted by the World Bank and the IMF was granted in 1991. This fact was unpleasantly consistent with a rather substantially increased debit in foreign financing.

The main problems, however, were not to be found in the quality of the forecasts.

Financial Imbalances Worsened by Structural Imbalances

It was true that at the beginning of the reform the increase in interest rates and control over the monetary mass, as well as limiting wage funds and budgetary restrictions, were able to a certain extent to freeze the inflation and neutralize the initial price shock. One year later, however, it should have become clear that the lack of flexibility would lead us into an impasse. It was necessary to redirect the stabilization policy or, at least, to try to develop a proper environment in which the economic subjects would properly react to restrictions.

As early as last year, we already could predict the danger of a stable linkage among the various instruments for short-term stabilization in such a way that the results of the application of some of them would distort the effect of the other.

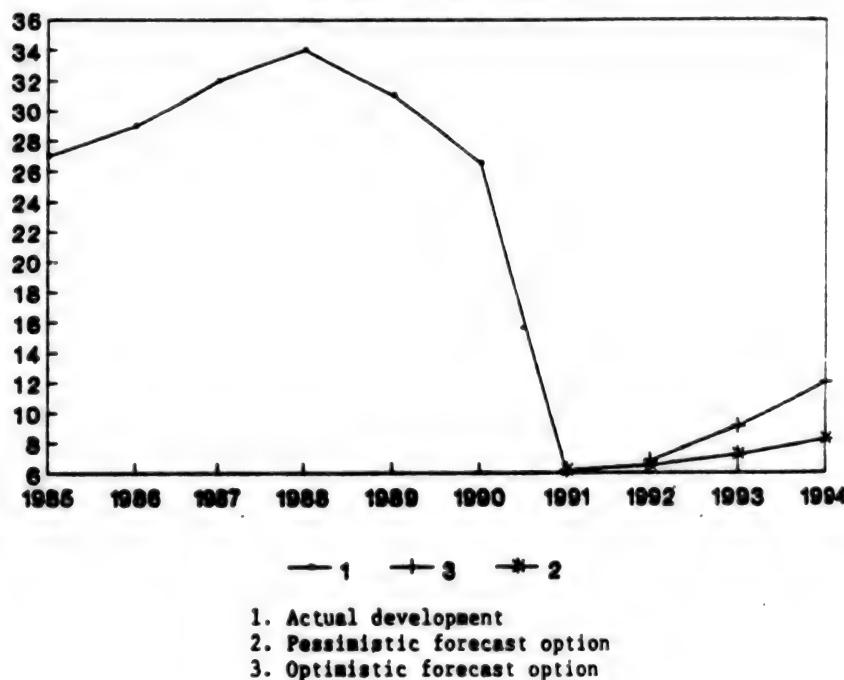
As a whole, the higher cost and the restricting of credit resources in themselves prevent any increase in monetary liquidity (they should prevent inflation as well). However, this cannot be the "cattle prod" for restructuring or eliminating "poor" borrowers. Furthermore, a number of economists and bankers are already acknowledging the inflationary effect of high interest rates. In practice, under the conditions of stagnation and unwillingness to acknowledge actual bankruptcies, funds were borrowed essentially for wages and making current payments, including the paying of interest on old loans. The effect of restricting loans is arguable, taking into consideration the headlong increase in the reciprocal indebtedness of enterprises.

The second nominal restraint—that of income—was aimed mainly at controlling wage funds. Linking of the ceiling of their growth to the annual built-in budget inflation is triggering the opposite inflationary effect by exceeding the projected inflation. At the same time, the restrictive effect of such "anchoring" of wage funds was compensated by some new income which substantially increased its portion this year. In the first half of the year alone, income from private enterprise, rents, and dividends quadrupled, essentially as a result of the enactment of restitution laws.

The budget as well was to exert pressure mainly in limiting overall demand, by curtailing its outlays and seeking possibilities of noninflationary financing of the deficit. Another possible (although seemingly "nonmarket") one of its functions—the creation of incentives, mainly tax incentives, for certain types of production and activities, was postponed for an indefinite period.

It may seem like an exaggeration but it is as though the budget itself fell in the trap of a policy that was mainly interested in short-term stabilization for the sake of higher interests and inflation and an obviously unsuitable tax system, as well as because virtually nothing had been done to ensure the financial stabilization of the companies. Furthermore, the concept of noninflationary financing through state securities remained a mere wish. Treasury bonds, purchased only by banks and almost entirely because of the possibility of obtaining loans with such bonds as collateral, contributed, approximately to the same extent as direct loans issued by the BNB, to an increase in monetary liquidity.

Actual Development and Forecasts of Bulgarian Trade in 1993-94
(in millions of dollars)



The budget is bound to remain unstable as long as the structure of revenues and expenditures, the schedule for its exercise, and the means of financing the deficit remain unchanged. Therefore, we shall once again have to seek emergency solutions and compromises to patch up the holes, things such as Council of Ministers Letter 27, amortization quotas, nonrecognition of the full amount of paid interests, imposing some partial taxes, etc.

Instead of all this, we should consider building a developed financial infrastructure—a market for capital and money, and conditions for the establishment and competition among nonbank financial brokers. Naturally, this should include stabilizing the banking system for which, for the past two years, the most important feature has remained the cleaning up of "poor loans."

For example, the budget would be facing fewer problems with treasury bonds and stocks had there been a true market for them (in this connection the recent resolution of the BNB of undertaking limited operations on the open monetary market may be useful).

Macroeconomic Stabilization and Reaction on the Microlevel

On the other hand, the past one or two years proved sufficient in finding ways of circumventing restrictions. A number of sectors engaged in semilegal business developed as well, and even official institutions are acknowledging the existence of unreported income.

The tightening of credit led to a drastic increase of indebtedness among enterprises. It is noteworthy that the pace at which debts to suppliers are growing is nearly twice that of obligations assumed to the banks. By the end of the first nine months of the year, the enterprises owed nearly 80 billion leva from loans they used, or nearly 9 billion more than in the first half of the year, and their debts to suppliers totaled some 47 billion leva, i.e., within the same period, they rose by 9.4 billion leva.

Restrictions imposed on the growth of the FRZ [Wage Fund] could be resolved by paying the tax on the exceeded legal ceilings. In the case of numerous companies, which have not paid wages for a number of months, the ceilings were virtually of no importance. The companies also increased their debts to the budget and the DOO [State Social Security]. In practical terms, it is a matter of indifference to most state companies in Bulgaria how much tax must be paid on profits, for they are either working at a loss or, to say the least, are showing no profit.

All of this is taking place against a background of the poor financial condition of most producing companies, particularly state enterprises, as a result of the shrinking of markets for their goods, the old debts to the banks they have inherited, and so on. According to statistical data, by 31 September 2,922 enterprises had a combined loss of 14.5 billion leva. Gross profits of about 12 billion leva were shown by 2,477 enterprises. Even less pleasant is the fast increase in the net losses shown by the nonfinancial sector (excluding the private sector and agriculture), which

totaled 9.3 billion leva by 30 September, or twice the amount compared to the first six months.

Let us note yet another indicative fact: The enterprises that showed the highest gross profit are also in a leading position among debtors.

The lack of efforts to shift the emphasis to the real economy, not only in order to achieve a revival (it is quite obvious that production decline is not exclusively due to "cooling-off" through anti-inflationary measures) led to a distortion of the effect of the stabilization policy on the microlevel. There is virtually no distinction now between solvent companies and companies that try to keep alive while awaiting official bankruptcy.

It would not have been all that terrible for the budget to be on the way to collapse and for inflation to have reached the level of the most pessimistic projections had the reason been the use of steps for structural adaptation rather than the exhaustion of the various combinations of the instruments currently applied.

It should become clear that it is impossible in the course of two years to play with one string exclusively and that it is stupid to rely on the same type of medicine, ignoring the side effects of its continuous application and the worsening of the disease. Perhaps we should no longer believe that lower inflation and budget deficit are the only things that matter this month or this year, and, as to later, we shall see then.

More accurately, in an effort to contain these two indicators at all costs (indicators that are the only ones for the violation of which no one could be blamed personally), the captains of the economy themselves created conditions for confusing deviations from the earmarked course and for intensifying the depressing impact on economic life.

* Efforts To Ensure Standards, Quality of Goods

93BA0471A Sofia IKONOMICHESKI ZHIVOT in Bulgarian 16 Dec 92 p 7

[Article by Tikhomir Danov, deputy chairman of the Open Market International Consortium: "How Is the Quality of Goods on Commodity Exchanges Ensured?"]

[Text] The radical economic reform for converting to a market economy that is taking place in our country under the conditions of a worsening economic recession, and the aspiration to increase our participation in international trade, raises new and exceptionally serious problems regarding the quality of produced and imported goods. Any delay of the reform in the areas of standardization, certification, and metrology adversely affects Bulgarian companies.

The lifting of control over standards and the consistency between the certified goods and the results of certification tests before the issue of the assumption of such functions by other authorities has been settled, have substantially hindered the protection of consumers and the state from low-quality goods.

This has also predetermined the fact that Bulgarian companies try to solve the problems of the quality of their goods through various ways and means without the help and participation of the state and, in some cases, despite the obstructions created by some state authorities.

What are the more essential problems?

Standardization reform was delayed by more than one year. We know that over the past 45 years standardization was issued the impossible assignment of replacing competition as a natural quality-control regulator in a market-oriented economy. The standards had and retain their universal mandatory nature, and any deviation from them was penalized. The trend was to include production parameters within them as much as possible. Most of the standards legitimized the attained level of output. Currently, such shortcomings are having an even worse impact on the companies. The task of increasing the guarantees to consumers and observing current legislative acts in terms of quality, standardization, and certification is becoming difficult to implement. The high volume of tests and difficulties in production certification require a great deal of time and money. Bearing in mind the large number of parameters, the inconsistency of even one or two secondary parameters requires the goods to be labeled substandard and therefore penalized. This eliminates the desire for voluntary certification and leads to seeking ways of circumventing laws and legal acts. This largely applies to commodity exchanges, particularly in auctioning available goods.

In order to be able to participate in such auctions, the goods must be accompanied by a document that certifies their consistency with Bulgarian standards. In its desire to facilitate the participants, the new trading mechanism of the Open Market MBK [International Commodity Exchange Consortium] requires the submission of testing protocols or certificates of consistency only relative to the life and health safety of people and the protection of the environment, as well as a visual examination by the purchaser. Significant difficulties are encountered also in drafting typical contracts because of substantial differences between Bulgarian standards and the international or regional standards adopted by the developed countries. It is clear that the slow pace in coordinating our standards with those of the ISO [International Certification Organization], MEK [International Electric Engineering Commission], EO [European Community], and others will make commodity exchange deals involving export goods even more difficult and become a hindrance in re-exports and imports.

The factual downgrading of the role and place of certification, caused by this year's structural changes in state authorities, and slowness in coordinating the existing legal base of the National Certification System with internationally accepted rules and procedures will have major negative consequences in terms of our joining the European Community, particularly after 1 January 1993, when the European Certification System will be enacted. Most of the documents currently issued in the country, certifying to the consistency between the goods and the standards, are not

recognized by foreign customers. Bilateral agreements on reciprocal recognition of results of testing and certification, involving a number of countries, such as Poland, Romania, Greece, and others, were tabled. A similar situation prevails in the accreditation of testing laboratories. All of this hinders our commercial relations with foreign partners, *adversely affects the competitiveness of Bulgarian goods*, and entails very high expenditures for companies and the country as a whole in testing and certifying goods abroad, in some cases making Bulgarian exports impossible.

We are also continuing generally to underestimate the importance of developing and applying modern quality-guarantee systems, based on the 9.000 series of ISO standards.

Speculators are operating in the country with virtual impunity as a result of the lifting of specialized control over the consistency of goods with standards, and significantly limiting the activities of border control authorities over the quality of imported and exported goods. Equally obvious is the helplessness of the Commission for the Protection of Competition in dealing with speculations on the quality of goods, caused by the specific nature of this issue. The result is that low-quality goods are being offered on commodity exchanges, without documents certifying to their quality and origin.

The existence of such negative factors and the remaining monopoly status and product scarcity, as well as the lack of loyalty and mutual respect, enhance the role and significance of Bulgarian commodity exchanges. These exchanges have substantially influenced choices in the approach to and adoption of the principles of a system for ensuring the quality of commodity-exchange goods within the system of the Open Market International Exchange Corporation. On the one hand, this corporation must maximally facilitate trade on commodity exchanges and the possibility of issuing the best possible guarantees to participants; on the other, it must fully meet the requirements of the current obsolete legislation and the legal documents that still apply. This is guaranteed by the new commodity exchange regulation and the strict observance of commodity exchange rules.

The purpose of the system that is being developed to ensure the quality of commodity-exchange goods in the corporation is to create objective conditions for providing the fullest possible guarantees of the quality of the goods traded on the exchange, thus contributing to enhancing its reputation, and increasing the number and volume of traded goods and of international trade and business contacts. The system covers about 400 commodity groups that include more than 2,000 specific items subject, for the time being, to trade deals within the corporation. These items will be allowed to participate in commodity market deals only if their quality has been properly determined and certified.

In accordance with Article 16 of the new regulation, which was adopted in mid-October of 1992, "Commodities may be allowed to participate in exchange sessions only if their

quality has been noted in the requests or on the basis of attached certificates, test protocols, etc."

The quality of goods is based on their consistency with the BDS [Bulgarian State Standards], the ON [Sectorial Standards], or any other international, regional, or national standard accepted by our country. In order to facilitate the making of commodity-exchange deals it is permitted for the declared quality to have some deviations from the BDS and the ON, providing that such deviations do not threaten the life and health of the people, property, or the environment, and do not violate the functional adequacy or basic consumer qualities. Such deviations must mandatorily be indicated in the requests and contracts, and fetch lower contractual prices compared with commodities consistent with standards. In offers of goods for which no standardization documents exist (particularly imported goods), the quality is established on the basis of the complete and specific technical description or on the basis of samples (models). One sample (model) is kept by the exchange or the appointed commodity-control organization.

In order to facilitate producers or merchants who are associate commodity-exchange members, within the framework of the commodity exchange, as well as brokers and purchasers, a "Standard" information product was developed, which covers the groups of goods we indicated and that currently are being traded by the Open Market MBK. An opportunity was provided for filing express information requests concerning:

- Bulgarian State Standards, ON, and the standards of the ISO and of CEMA on specific individual commodities;
- Documents certifying quality and naming the authority that has issued them;
- Technical descriptions of 26 basic commodity exchange goods.

The information product is issued to all regional exchanges, and services all interested customers with the help of the INFOLINE Information System.

Presently, standardized contracts are being drafted for the same 26 basic items traded on the commodity exchange. The aim is to formulate quality requirements with maximal accuracy and standardization, in terms of packaging, means of transportation, volume of individual shipments, etc. The number of variables will be reduced to a minimum. This approach will substantially facilitate trade on the commodity exchange and will help to avoid disagreements among the individual sides. Considering the weaknesses of our standardization in terms of the number and content of indicators, difficulties are encountered in the selection of standardization criteria. The initial drafts of standard contracts are already completed.

The system used in guaranteeing the quality of goods traded on the commodity exchange consists of two inter-linked and mutually complementing circles:

The outside circle, which ensures commodity control and certification of goods. This will be provided by an independent commodity-control organization within the

framework of the corporation or by an assigned organization. Based on their type of activities and range of competence, they would include SGS-Bulgaria-OOD, Bulgarkontrol, Sofkontrol, Smilo Bureau, the Spektron firm, or any other independent control organization staffed by competent professionals;

An internal control circle for documents certifying to the quality of goods traded on the exchange, provided by the open market-Cannon-OOD.

The system formulates clearly and precisely the functions and tasks of the individual participants.

In auctions, activities related to ensuring the quality of goods traded on the exchange are substantially simpler. All that are required are documents certifying to the consistency with standards relative to the safety of the goods.

In the more distant future, within the Open Market MBK framework, we shall develop our own certification system. The aim of the Open Market MBK is to become a symbol of guarantee to its customers and to all Bulgarian consumers.

* Tax-Evasion Methods for Turnover, Excise Fees

93BA0472A Sofia IKONOMICHESKI ZHIVOT in Bulgarian 16 Dec 92 pp 8-9

[Article by Kosta Filipov: "Possibility and Forms of Non-payment of Turnover Tax and Excise Fees Under the Present Legislation"]

[Text] *The study of the practical application of the Law on the Turnover Tax and Excise Duty indicates that under the present tax legislation a number of opportunities, ways, and means used by some taxpayers exist that allow them to avoid either entirely or partially any payment of turnover tax or excise duty on goods and services as end users. We shall mention some of them that are used rather frequently in practical deals.*

Underreporting. The bookkeeping records of some companies register lower sale prices than actually charged, or else lower volumes of goods than actually sold. In either case less taxes or excise fees than owed for the actual taxable turnover volume are paid. The rates for both taxes (turnover tax and excise) are a percentage figure based on the income from the sale of taxable goods and services. Reporting lower sale prices and fewer quantities of goods sold result in improper reporting of income from sales and, therefore, paying less income tax and excise fee.

Opportunities for inaccurate and lowered figures in reporting cash income from the marketing of goods and services improve when making cash payments instead of using bank services. We know that currently cash payments are widely used by companies. The reasons for this are numerous. One of them is to avoid bank control over the economic activities of buyers and sellers. In some cases, no documentary traces remain in the records of company economic operations. So far, practical experience has shown that it is relatively easier to conceal the actual taxable turnover by retail-trade organizations. In their case, the taxable turnover is usually the difference between

the final sale price and the purchase price (the procurement price), which should include the tax or excise fee paid by the producing or importing supplier.

Since sales of goods and services in retail trade are usually not billed and the individual stores do not use reliable cash registers that can record the actual cash income, their books do not always accurately and precisely reflect the volume and flow of goods purchased or sold. In such cases, tax control is also insufficiently efficient, for it is based on existing primary documents.

Such opportunities for concealing part of the taxable turnover exist not only in retail trade organizations but also in companies providing services subject to taxes or excise fees. In auditing the books, the tax administration is not always able to determine the actual sale price and the volume of goods and services sold and paid for by the population or by other end users. In order to achieve this, it would be necessary and expedient for the tax authorities to keep records of specific sale prices for the day the goods and services were sold and use such figures as basic data and proof in determining the actual revenue from sales and the tax or excise due owed.

False records. One of the methods for avoiding the payment of taxes is keeping false records of the use of the goods sold or, in more specific terms, whether they were sold for use in the production of other goods or services or else for consumption with no further processing.

In frequent cases, goods either produced domestically or imported are sold to the end users for direct consumption but are recorded in the books as raw and other materials invested in production and subject to subsequent processing, thus avoiding payment of taxes or excise fees owed.

Some companies report fictitious exports, filing forged customs declarations, although actually the goods are sold on the domestic market to end users. The tax and excise fees owed are not computed and paid to the state budget although the goods are sold at market prices, which should include the tax. In such cases, the unpaid taxes and excise fees are reported by companies as profit or used in making bigger investment or production expenditures.

The companies that have thus avoided paying taxes find themselves in a more advantageous position compared to those that have computed and paid the tax owed. They thus disloyally compete with companies that obey and observe the tax legislation.

Basic commodities, produced and consumed in mass quantities, such as sugar, rice, cooking oil, alcoholic beverages, and tobacco products, are the most common items on which the payment of taxes is avoided. This has been confirmed by past tax practices in our country and book-keeping investigations of taxable companies.

The purpose of the sale of the goods—whether sold for investment purposes in the production of other goods as raw or other materials, or actually exported to a foreign country, or else directly used by the population or other

end users—is usually determined on the basis of the primary documents on purchase and sales—receipts, customs declarations, bills of lading, and others—which indicate the quality, cost, and movement of the goods sold.

The specific ways of filling the primary forms do not always express accurately and precisely the eventual use of the goods: export, production purposes, or consumption. This circumstance is used by some companies in order to avoid paying taxes, either entirely or partially.

Preferential treatment. In a number of cases, tax facilities and benefits granted to some companies are improperly used by others. To this effect, fictitious contracts are concluded and fictitious purchase and sale documents are drawn up, supported with bills, customs declarations, and others, which are neither regular nor factual. This leads to the payment of lesser taxes or, in general, no taxes are computed, making use of the preferential treatment and tax facilities granted some companies and organizations.

That is why, from the economic and fiscal viewpoints, no tax benefits should be granted to some companies and organizations on a legislative basis. Such benefits should be granted for some types of activities, regardless of the companies that engage in them, for a specific set period of time and a specifically defined purpose. Otherwise, this violates one of the fundamental principles of the tax system, which is that all taxpayers are equal.

* **Profile of Bulgarian Transport Firm SOMAT**

93BA0473A Sofia BULGARSKI BIZNES in Bulgarian
14 Dec 92 p 2

[Report by Svoboda Gergova: "SOMAT Remains the Largest Transportation Enterprise in Europe and Its Partners Are Asking for Shares"]

[Text] With its 3,500 trailer trucks, Bulgaria's SOMAT remains the biggest hauler in Europe.

More than 30 company offices, located in most European countries and the Middle East, ensure the technical maintenance of the trucks and their dispatching. The private hauling companies which have opened in our country are trying seriously to compete with SOMAT by charging lower fees. Private entrepreneurs already have more than 3,000 trucks hauling freight abroad. Many Bulgarian producers are seeking their services. However, with its powerful fleet of trucks SOMAT remains the preferred reliable partner of Western companies. The heads of these companies openly acknowledge that if, for whatever reason, SOMAT were to break up and reduce its present scale, they would simply no longer use its services.

The Ministry of Transport has included SOMAT in the 1993 privatization list. Although the procedure has not been initiated yet, the people in the company are already operating on that wavelength. The Western consulting company that will assist in SOMAT's restructuring and privatization has been chosen. The state will retain the controlling number of shares. Many of SOMAT's present partners are showing a lively interest in its stock. Some of

them have offered to invest in joint activities and would like to know whether this would entitle them to any preference in the privatization auctions.

The company's management is currently making tremendous efforts somehow to neutralize the adverse consequences of the war in former Yugoslavia. In a single month SOMAT has lost 8.5 million German marks from the embargo imposed with UN Resolution 757. Previously, virtually all company traffic was through Yugoslavia and Austria. It took four days for the trucks to reach Munich. Alternate routes to western Europe now wind through Romania and Hungary, or else through Romania, Ukraine, CIS [Commonwealth of Independent States], Czechoslovakia, and Poland. This lengthens the distance covered by the Tir [trucks] by no less than two to three days. Furthermore, lately bottlenecks have forced drivers to wait three to four days at border points. Hungary is profiting from this situation to charge huge fees (trailer trucks must pay between \$580 and \$620 crossing charges), and has greatly reduced the number of free truck-crossing permits compared to last year. All of this has not only raised hauling costs and lengthened the time but has also reduced the number of customers, for it no longer makes any sense to haul perishable goods with Tirs, when such goods cannot reach the markets of western Europe on time.

SOMAT can be saved by using a combination of hauling by ship and via the Danube River. The company has four sea-worthy and four river "Ro-Ro" [roll-on roll-off] ships.

One of the main routes in hauling goods to Europe now is from Burgas to the Slovenian port of Koper. Two of the sea-worthy ships are using this route. The third goes from Burgas to Cyprus. The repair of the fourth such vessel will be completed soon, which will increase the capacity of the mixed haulage. The four river catamarans sail on the Danube, but navigation conditions in the river are poor and the vessels are not being used to capacity.

SOMAT earned 2.5 billion leva in the first nine months of 1992 and its expected annual profit has dropped compared to last year because of the war in the former Yugoslav federation. The main concern of the company's management is not only to retain but also to broaden its markets and to improve its financial status which, despite the poor international situation, remains stable.

The truck fleet will be updated as well: 250 Mercedes, Volvo, and Iveko trucks will be procured at the beginning of 1993. Contracts with these companies are about to be signed. This process will continue over the next few years, for ecological requirements in Europe relative to the age of the trucks are strict. Unless the fleet is renovated, in two years time most SOMAT trucks will no longer be "allowed in Europe" because of their "advanced" age. The biggest hauler in Europe cannot allow this to happen. The forthcoming privatization simply makes it mandatory for the company to remain both technically and financially on the required level.

*** President Havel on Future Role, Europe**

93BR7046 Brussels *LA LIBRE BELGIQUE* in French
27 Jan 93 pp 1, 5

[Interview with Czech President Vaclav Havel, by Christine Dupre, in Prague; date not given: "A True 'Czecho-slovak' and a Convinced European"]

[Text] *In an exclusive interview, the Czech president talks about his power, his future, the division, and Europe.*

On Tuesday, the two new Czech and Slovak Republics set out to elect their first presidents. In the Czech Republic, Vaclav Havel, as predicted, won the parliamentary vote by 109 votes, eight more than the absolute majority required, despite obstacles by the extreme right and a bomb threat in Parliament. In Slovakia, a second ballot will be necessary this Wednesday. The ruling party candidate, Roman Kovac, came out ahead but failed to capture the two-thirds majority required.

In an exclusive interview, Vaclav Havel explains what he intends to do during his five-year term. Although he was deprived of a popular election—against his wishes—he vehemently denies that he is isolated.

[Havel] It is wrong to say that, as president, I will wield no power. On the other hand, it is only natural that the parties hesitated to elect me, knowing that I do not identify with them and that it will be impossible for them to dismiss me.

[Dupre] The main concession you obtained was the right to refer laws back to Parliament. How will you use this right?

[Havel] I hope I will never have to use it! The aim of this veto right is not to enter into conflict with Parliament, but rather to give the president a means of playing a role early on in the legislative process. I will only use my veto if a bill goes against my principles—for example, if the Czech Parliament tries to reinstate the death penalty.

[Dupre] There are rumors that the members of Parliament might vote in favor of a tougher version of "lustration" (the law banning former collaborators of the communist regime from taking public office) or on a restriction of the freedom of movement of Slovak Gypsies in Bohemia. What would your reaction be?

[Havel] As far as "lustration" is concerned, I am content with the toned-down version of the Federal Constitutional Court. At present, I do not think that there is a desire for revenge which would make Parliament want a tougher law. If this happened, I would use my influence. As for the Gypsies, Parliament is probably not ready to adopt provisions which go against the Human Rights Charter.

[Dupre] As regards relations with Slovakia, you have asserted that you do not want to be a "crypto-Czechoslovak" but a true Czechoslovak. What can that mean as long as Messrs. Klaus and Meciar are in power?

[Havel] I am ready to forget all of the unfounded attacks made against me. My contacts with the Slovak political authorities have always been good, except the times when

eggs were thrown in my face.... I would like to continue along this path, even if it sometimes means having to criticize what is happening in Bratislava. Being able to say something to someone's face is also a sign of friendship.

[Dupre] Against your wishes, the people were not consulted—via a referendum—on the division of the country. The result of this would seem to be a return to prerevolutionary apathy. Won't it be difficult to create the civic society you have dreamed of?

[Havel] It is true that there is currently a frustration with politics and a potentially dangerous lack of interest. On the other hand, this can also be a positive sign for the following reason. It is important that the people once again take pride in their citizenship and in their everyday working life. This is more important than the crowd psychology which one day shouts "Long live Havel!" and the next day "Long live Sladek!" (the leader of the extreme right—editor's note).

[Dupre] You are considered a natural European. Are you at ease with Mr. Klaus, who sometimes says that "Europe is the return of socialism through the back door," and sometimes that "the Czech State will be ready for integration within three years?"

[Havel] Personally, I am a fervent believer in the process of integration. As for the extent and speed of this integration, the Czech Government and I may indeed have our differences. The essential point is that, as president, I can reach a consensus with the Minister of Foreign Affairs. The government must understand that it represents our people and that there must be no doubt about our desire to be part of a united Europe.

[Dupre] There is uncertainty in the Czech and Slovak Republics, and the extreme right is on the rise in Hungary—not to mention the war in the former Yugoslavia. What message are you sending to the European Community?

[Havel] I want to make it understood that instability in Eastern Europe is also a problem for Western Europe. I would like the Community to try and understand the historical context of what is happening here, and to commit itself fully to supporting the democrats. This is the only way in which it can contribute toward political stability in Eastern Europe.

[Dupre] One often has the impression that personalities who wield great moral authority feel hemmed in by the everyday political life of a small country. Would you be interested later in having international responsibilities?

[Havel] My first aim is to be president for five years. After that, the situation here will tell me whether or not I should continue to be active in politics. I do not know if I will have the required qualifications for taking on international responsibilities. What I do know, however, is that I will always be interested in public affairs.

[Dupre] One sometimes has the impression that we are seeing you live out some of your plays. If you had to choose

between the character of the tired dissident in "Largo Desolato," Dr. Foutska in "The Temptation," who makes a pact with the powers that he knows will end up betraying him, or the fired director in "Memorandum," whom his assistant one day begs to take up a post which he himself is incapable of occupying, who would you be?

[Havel] All of those are fictional characters. They are the product of my imagination as well as the result of my observations of the world and my experience. In any case, I hope I will never meet the same fate as any of them.

* Many Slovaks Request Czech Citizenship

93CH0264A Prague LIDOVE NOVINY in Czech 28 Dec 92 p 3

[Unattributed article: "Slovak Applications for Czech Citizenship—3,000 Daily"]

[Text] Prague—The Ministry of the Interior of the Czech Republic has now registered more than 30,000 applications by Slovak citizens for Czech citizenship. Daily, their numbers increase by 3,000.

Three employees of the Ministry of the Interior of the Czech Republic are capable of handling around 100 applications for citizenship per day. According to the Czech Republic minister of the interior, Vladimir Zeman, the ministry does not require that any kind of a special questionnaire be completed. A citizen of the Slovak Republic need merely give his name and surname, the date and place of birth, the place of domicile, and data regarding his family status or possibly data regarding a marriage or a divorce. According to DENIK CST, some district and okres offices are demanding that applicants for Czech citizenship provide data in the questionnaire regarding their property holdings and the incomes of the applicant, his children, as well as his parents.

* Czech Republic's 'Short Name' Debated

93CH0265B Prague LIDOVE NOVINY in Czech 28 Dec 92 p 3

[Commentary by Marek Wollner: "Bohemia? Czechia!"]

[Text] The time for using the customary appellation of Czechoslovakia for our country is running short. The question of what the Czech Republic will be called unofficially once the territory of the designated second portion of the complex breaks away has thus far, however, not been clarified.

Some time ago, a group of professors from the Philosophical Faculty of Charles University expressed themselves in favor of the name Czechia (Cesko), the use of which they justified with a number of sensible arguments:

1. From the linguistic standpoint, this appellation is formed without error because it "reflects the similar formation of names applied to other sovereign states (Austria, Poland, Germany, Hungary, Russia)."

2. Its translation into foreign languages presents no difficulties (for example, the French Tchequie, the Spanish Chequia, the English Czechland, the German Tschecheland, and so forth).

3. This a term that, in contrast to the expression "Bohemia," encompasses the entire land mass in which the official language is Czech—in other words, Bohemia, Moravia, and Silesia. If we were to abbreviate the Czech Republic by using the sympathetic and well-sounding word "Bohemia," we could be merely adding liquid to the stewpot of combat-desiring orthodox Moravianism.

It would seem, therefore, that "Cesko" fulfills all of the conditions for becoming domesticated as a replacement for the lost "Czechoslovakia." However, the rub lies in the fact that, as was noted by Docent Jiri Kraus of the Institute for the Czech Language, the name never became deep-rooted in the Czech language environment, no matter how old it was; it has existed since the time of Jungmann. We do not know what bothered the rebirth spirit about it; today, however, it tends to frighten primarily the ears of the older generation with its German translation of Tschechei. These emotional and evaluative connotations cannot be overheard, despite the fact that, from a purely linguistic standpoint, they carry no weight. "What is worst about such emotional linguistic questions," says J. Kraus, "is that one cannot travel the golden middle road. If we were to vote as to whether to do away with the hard y or the soft i, one side would always be dissatisfied, even though the voting might result, say, in a ratio of 30:70, and it would be bothered by it unto death."

Obviously, a referendum on the abbreviated name for our state will not be held because it is clearer than the sun in one's face that the sole arbiter for using a certain term remains the individual linguistic sense and custom that prevails in public communication. Our political scene will be poorer on account of this drama, and the practice of the coming days will decide what we shall call our next state.

* German Correspondent on Nation's Search for Name

93CH0295A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 6 Jan 93 p 3

[Article by Berthold Kohler: "Tschechien [Czechia]? Schweikoland?—What Is the Name of the Homeland?"]

[Text] Prague, 5 January—"Kde domov muj (where is my homeland)?" the Czechs still sing at the beginning of their national anthem, for it is the first verse of the Czechoslovak anthem, which has always been divided into two parts in text and melody. In the new garment, too, this question aims at the metaphysical rather than at the geographical knowledge of the listener, for the location of the independent state is, of course, sufficiently known at home and abroad, even if people do first have to get used to the new contour on the European map. The Czechs (and many foreigners) were plunged into extreme disquiet by another formulation of the question: What actually is the name of this homeland now—this question is raised

throughout the country by the population, which, it turns out, was very accustomed to the concept of "Ceskoslovensko" [Czechoslovakia].

"Ceska republika," Czech Republic, of course, the statisticians say, for this is what is written in the Constitution. That is true, but of little help. For, after all, everyone knows that a state that only has an official designation is not a genuine state. Only duration creates historical identity. And in the case of the young republic, after all, we are dealing with a community with a 1000-year tradition, and not with a new establishment of some sort. What is needed, therefore, is a handy first name, which is suitable for everyday use as well as for headlines of the world press. But there one really gets into a mess.

The concept of "Cechy", which people in Prague like to use, you see, encompasses only Bohemia, and thus the Moravians feel deliberately passed over. "Morava", in imitation of the legendary Great Slavic Empire, is not suitable—alone with respect to the size of the new state. Above all, however, it does not suit the Czechs in Bohemia. And no one, as it is, speaks of the Czech part of Silesia, "ceske Slezsko." Finally, the logogram "CR", which a good many taxi drivers during the fever of the establishment period pasted over the old nationality sign "CS", has already been given to Costa Rica.

For want of anything better, some citizens and journalists now are going back to the traditional concept of "Cesko", Czechia. But it especially is unacceptable to Czechs in all three parts of the country, and, what is more, not only because it has an ugly and cut-off ring to it. Rather this designation has a denigrating connotation, which has its origin in the German-Czech quarrels of the Hapsburg monarchy. However, the concept ceased to be a word altogether when the National Socialists made Czechoslovakia the first target of their conquest delusion and Hitler destroyed the "Rest-Tschechei" ["residual Czechia"].

However, a growing group of Czechs no longer want to accept the argument that the word "Cesko" [Czechia] thus has been worn out for evermore. One should not allow the Nazis to prescribe what one's own state should be called, the defenders of the short form say, who base their position on the advice of historians and philologists. According to them, the name "Cesko" had been used without negative connotations during the times of the Czech rebirth and even much earlier. It is questionable whether historical-linguistic sensitivity can be ordered from above. In the Bavarian-Bohemian border region almost everyone talks about the "Tschechei" [Czechia], both Germans and German-speaking Czechs.

However, nothing as yet has been decided in this delicate matter; everyone for the present still does what he pleases. The politicians have not yet worked up the courage to take a position in the dispute over the name. And in the speeches on the occasion of independence it sounded better, of course, to talk about the "Czech state" than about any pars pro toto [part for the whole].

One could let the Czechs search in peace for the name of their country if at least the German-speaking foreign

countries had at their disposal a respectable designation for the young republic. But there precisely, too, is a hitch for the above-mentioned reasons. The translation into German, the Czech minister of foreign affairs has said, is a matter for the Germans, thus leaving us in linguistic no-man's land. "Boehmische Laender" [Bohemian Lands], "Tschechenland" [Land of the Czechs], "Zentraleuropaeische Republik" [Central European Republic]—so far, so good, but just too long. The philosophers' stone, it seems, was found by the Austrians, who, having cast a quick glance at Slovenia and Croatia, without hesitation baptized their northern neighbor "Tschechien" [Czechia] and now are so delighted with this that one has the impression of no longer hearing anything else on Austrian radio broadcasts. After all, it all used to be Hapsburg at one time.

Tschechien [Czechia]? With your permission, that sounds indeed especially like an "insult", and not only for Czechs who know German. In that case a designation would sooner present itself which a long time ago the ingenious caricaturist Vladimir Jiranek chose in one of his drawings for the Prague newspaper LIDOVE NOVINY: "No, sir," a pedestrian replies there to a motorist who is asking directions, "Disneyland is a thousand kilometers to the west. This is Schwejkoland." ["Schwejkoland" is derived from the name of the hero Schwejk (Czech: Svejk) in the novel *The Adventures of the Brave Soldier Svejk During the World War*. German editions of this work appeared in 1926-27 and 1927-28.]

* Czech 1992 Political Developments Examined

93CH0263C Prague CESKY DENIK in Czech 30 Dec 92 p 3

[Commentary by Michal Musil: "Year of "Victorious Politics"]

[Text] When historians are evaluating the year 1992 as part of Czech history, they will undoubtedly put in first place the final breakup of the Czechoslovak state, as well as the immediate cause of that breakup—the victory of the Civic Democratic Party (ODS) in the Czech lands and the Movement for Democratic Slovakia (HZDS) in Slovakia in the June parliamentary elections. However, as far as the developments on the Czech political scene are concerned, 1992 was the year of a change that, in a certain sense, was possibly even more far-reaching than the breakup of a never very solid union of two nations.

In the 1992 elections, the ultimate defeat was suffered by the postdissident formation of leftist intellectuals and successor to the tradition of the Civic Forum—the Civic Movement [OH]. Its defeat meant not only a change of the government but also a basic change of the general political practice and power structure. The group that came to power following the November revolution was a singular and, by Western standards, quite unusual ruling association. This association did not represent any real interests of important social groups, and, above all, its actions were not grounded in real situations and realities. The interest group the OH represented was, as the June elections showed, only a small lobby of leftist intellectuals. Such

lobbies have nowhere in the Western democracies any real representation in politics. And even less are they represented as importantly as they were represented here during the past two years, in legislative and executive power, and especially in state administration and the media, which in part were given new personnel and in part merely changed color after November. It was the spirit of the interest of this small group—that is, a greater or lesser interest in implementing some doctrine created by pure reason and unconnected with reality—that understandably led to the results of such politics: In none of the sectors the OH came to dominate was any visible progress achieved, in contrast to the economic changes spearheaded by representatives of the ODS, and ODA [Civic Democratic Alliance] in particular. That is also why the OH, although it styled itself the creator of "political consensus," never achieved any real consensus. It did not achieve it either in solving the question of the state setup or on the issue of the fundamental restructuring of the legal code.

Successes, accompanied by consensus with the opposition where it was needed, were, on the contrary, achieved precisely by the political forces that, according to the warnings of the OH representatives, were supposed to be the "confrontational" forces—that is, the ODS and the Christian Democratic Party-Czechoslovak People's Party [KDH-CSL]. The politics of these parties, represented especially by the Czech Prime Minister, Vaclav Klaus, was politics really democratic, politics comparable to the usual Western standard. The activities by representatives of the mentioned parties stemmed from the real interests of certain proreformist social groups and the simple respect for experience and Western political tradition, as well as for natural talent, which was desperately lacking in the intellectuals from the OH. In problems that in summer still looked extremely threatening, the representatives of these parties achieved quite unique results, as compared to the previous electoral term. By standing firm on those points where the political orientation and their talent commanded it, as well as by tough negotiations, the representatives of the ODS convinced the HZDS and Vladimir Meciar that an economy and defense based state-nonstate of the union type cannot function. Later, after the unsuccessful vote on the law on dissolving the federation, representatives of the ODS and the KDH-CSL received on the second try a sufficient number of votes to pass the law on the dissolution of the federation. In the end, the Czech National Council approved the Czech Constitution with an almost surprising majority. By adopting patient, democratic politics, the mentioned parties, no matter how unlikely it may seem today, may be able to reach a satisfactory solution also on the issue of constituting the provisional senate by transforming the Czech part of the Federal Assembly.

The problems that will arise after the new year will undoubtedly be quite serious, and it is not at all certain they they will be solved satisfactorily. Nevertheless, the turnaround that has occurred at least improves the prospects for their successful solution, the kind of solution that will bring us closer to Western democracy. Thus, we can call 1992 a year of victory of politics, democratic politics.

Democratic politics, representing real, existing interests, is winning in even many sections of the previous postdissident unpolitic ineptitude: The ODA was saved from total collapse not by the profundities of Daniel Kroupa but by the actions of Vladimir Dlouhy and the hard and maybe even nationalistic approach of Jan Kalvoda, who thus represented the real interests of a part of the Czech public.

The victory of democratic politics is not yet final: For that to happen, much effort will still be needed because the previous "antipolitical era" left behind in the economic sphere some media, and even in some of the highest institutions, its massive residue. But a decisive step has already been taken.

* Transformation of Deputies Into Senators Examined

* Ex-Deputy's Criticism

93CH0266A Prague CESKY DENIK in Czech 28 Dec 92 p 3

[Article by Ondrej Huml, Civic Democratic Party deputy in dissolved Federal Assembly: "A Flexibly Principled Opposition"]

[Text] In the late evening hours of Saturday, 19 December, the Czech National Council made its decision. The future Czech parliament will be made up of the elected deputies but only those specially selected. At this point, I do not want to repeat the arguments that have already been put forth 100 times in support of transforming today's deputies of the (still existing) Federal Assembly into a Senate of the Czech Republic as laid out in the Constitution. I do not even want to make a comment on the unprecedented decision of the CNR [Czech National Council] to vote on a constitutional law by secret ballot; after all, that is exactly what the deputy Mr. Ivan Masek (ODA [Civic Democratic Alliance]) did with his statement on the loss of the deputies' dignity and on the parliamentary democracy that is wallowing in the dust. I do not even want to hint at the idea that some of the deputies of the governmental coalition could have utilized the situation and voted in conflict with the interests of the party they represent.

I want to make myself clear in an entirely different matter.

After the results of the secret balloting were made public, by which the proposal for the transformation of the Czech deputies of the disappearing FS [Federal Assembly] into the Senate of the CR was literally tossed out (by the way, just where were those 30 deputies who did not vote?), the vice chairman of the CNR, J. Vlach, announced that in the shortest possible time a slightly modified deputy's proposal of the same law would be submitted to the Czech parliament.

Of course, this immediately became the reason for indignant reactions by the opposition deputies. On Sunday's TV program "What Happened This Week," the deputy Petra Buzkova (CSSD [Czechoslovak Social Democrats]) warned of doubts about the already approved decision on the law by the Czech Chamber of Deputies. J. Vyvadil

(NLK [National Liberal Caucus]), in connection with this proposal, predicted J. Vlach's fate as a political corpse and declared that he will be ashamed of every deputy who openly votes for the published deputy's proposal of that law. "It is really a question of self-respect," he said explicitly. Deputy Rezac of the Leftist Bloc also called J. Vlach's speech manipulation of the Congress and expressed his conviction that it is not possible to cast doubt immediately on a democratic and valid decision. In the same spirit, other staunch defenders of the purity of parliamentary procedure, such as J. Machalik (LB [Leftist Bloc]) and V. Grulich (CSSD), appeared in the mass media. They called the attempts at a new debate on the principle of transformation a disparagement of parliament and appealed to the need to respect the will of the majority, which was clear in the secret vote on Saturday, in parliamentary democracy.

My esteemed opposition colleagues, perhaps you are right. But how do you explain the fact that only two days later and in an entirely analogous situation we did not hear your convincing arguments? Disapproval of the law on several measures in the field of radio and television broadcasting is surely just as indisputable a manifestation of the will of the majority and should have been a question of your self-respect in the way you confronted this legislative (but delicate) situation. Instead of this, you voted in favor of reducing the prescribed 60-day time limit for the submission of a new proposal for a law to a single day, while, among the sponsors of the new deputy's proposal, are, to the surprise of all the world, the deputies P. Buzkova and J. Vyvadil!

Well, when two people do the same thing, it is not obviously the same thing. Your two-day old arguments, however, lost all persuasiveness because of this. Your way of speaking should be "Yes, yes, no, no." Otherwise, your discussions will only lead to the justifiable suspicion that the legal arrangements as to the future of the Czechoslovak station and the TV channel F 1 are more important to you than upholding the Constitution, which was just approved by you, and respecting the results of this year's free elections. Or perhaps your passionate defense of moral and political principles applies only in those cases that suit you?

* Election Advocated

93CH0266B Prague TELEGRAF in Czech 31 Dec 92 p 3

[Commentary by Karel Kuehnl, Czech ambassador-designate to London]

[Text] The smooth progress in the division of Czechoslovakia is already now causing us to forget the problems that were connected with it. Both new states already have new problems, and they are not ones that are any smaller. For the Czech Republic, the greatest one is the transformation of the Czech deputies to the former Federal Assembly into a future Senate—that is, a second chamber of the Czech parliament.

There are a number of arguments that can be made against this so-called transformation of deputies but also a number that can be made in favor of it. The opposition in the

Czech National Council and the coalition ODA [Civic Democratic Alliance] party are against it. The opposition, but not the ODA, demands elections for the Senate. The coalition, led by the ODS [Civic Democratic Party], is for the transformation process and later elections for the Senate in 1994.

In favor of transformation is the speed with which the Senate could be established because it could then immediately and fully take on the role the new Czech Constitution assigns to it. There would be the savings of the elections also, which not only cost money but tie up political life for the campaign period as well. The former federal deputies are also just people, and the transformation into an official Senate would avoid any tendencies toward forming a kind of rump Senate.

On the other hand, this self-generation of a parliament has very doubtful legitimacy for the future senators. This would simply not be election. The Czech Constitution, which has just been approved, would have to be changed, both as far as the number of senators is concerned and their ages. The transformation of the deputies by any path other than elections would provide a target for deliberate attacks on the legitimacy of the state power in the Czech Republic.

It therefore seems that, one way or another, it is out of the frying pan and into the fire. It is possible that, under these circumstances, senatorial elections are only worth consideration. These would, after all, not be elections that could derail the entire Czech politics. The position of the Senate in the Czech Constitution is too much an ornamental one for that. Moreover, the fears of the government coalition that, in the case of a victory for the opposition in the senatorial elections, it could make it impossible to reach political decisions is not necessarily justified. In the majority election system that is applied in elections to the Senate, it is mainly well-known personages supported by an operating apparatus of the larger parties that have any chance. It is thus the ODS itself which has the best prerequisites for still winning the elections for the Senate because of its weight in parliament. Senatorial elections also would not have to paralyze political life for the period of the campaign. The candidates would probably mainly be the former deputies to the Federal Assembly, so the campaign would not be keeping them away for some other work. Even the expenses are not a factor that is unambiguously against the elections. The senators will be elected every two years, in any case, so the expenses cannot be avoided. The election of 81 senators would moreover mean a reduction in expenditures for the Senate in comparison with the transformation of 174 former federal deputies. And, obviously, the elections to the Senate would end all debate on the legitimacy of the state power in the Czech Republic.

It is possible that the Czech governmental coalition has blown this fear of elections to the Senate out of all proportion. These would not be general elections but only small-scale ones. The risk connected with them today would be less for the present government than it might be

in 1994. Political history, after all, teaches us that two years after the general elections the popularity of the government is, as a rule, at its lowest point.

* Possible KDU-CSL, KAN Fusion Discussed

93CH0265D Prague LIDOVA DEMOKRACIE in Czech
29 Dec 92 p 3

[Interview with Pavel Levy, Club of Nonaligned Activists regional functionary, by (fp); place and date not given: "Will the Club of Nonaligned Activists Combine With the Christian and Democratic Union—Czechoslovak People's Party?"]

[Text] *The January congress of KAN [Club of Nonaligned Activists] should decide the extent to which KAN intends to retain its image, whether it will join in a coalition with the KDU-CSL [Christian and Democratic Union-Czechoslovak People's Party]. We spoke about the prospects of a possible amalgamation with the Pardubice official of KAN, who is simultaneously the chairman of the okres council of the KPV [Club of Political Prisoners]. Eng. Pavel Levy, 59.*

[(fp)] What would be the significance of a possible amalgamation of both political entities?

[Levy] These are two very close conservative parties, for which fusion would be logical and beneficial to both. It has been shown that KAN does not have sufficient voters to overcome that 5-percent barrier for entrance into parliament; on the other hand, however, a whole lot of voters did not vote for KAN only because they were afraid that the party would not breach this barrier. Both parties combined would therefore have more votes than the total of their votes if they stood for office separately.

[(fp)] Would this be only an election coalition then or a new political entity?

[Levy] An independent political entity should come into being. I was engaged in this direction even before it became obvious that KAN does not have an adequate voter base.

[(fp)] Wouldn't the Christian orientation of the KDU-CSL run counter to the ideas of some KAN voters?

[Levy] I do not believe so because KAN proceeded and proceeds on the basis that the foundation for our civilization is Christianity. However, the most radical members of KAN exhibit a certain lack of confidence with respect to some populist officials from the totalitarian era. But I believe that was true of only a small handful of people who have, essentially, already left the scene.

[(fp)] Don't certain program differences interfere with this amalgamation—for example, the efforts of KAN to achieve strict debolshevization?

[Levy] It was alleged that we understand debolshevization as a hunt for communists. The majority of the members of KAN, however, understand this to be first an actual purge and only then a consistent removal from key positions of those people who have been most compromised. In this regard, we are in total agreement with the populists.

[(fp)] How are things in regard to the demand that the KSCM [Communist Party of Bohemia and Moravia] be banned?

[Levy] That fundamental mistake was committed as far back as the spring of 1990, when the election system in single-mandate districts was altered. If it were to be retained with only the difference that it would be a two-round system, the question of prohibiting any communist parties would not be topical at all. The CPCZ [Czechoslovak Communist Party] would automatically fail in the election process on its own.

[(fp)] Except that, even in the new Constitution, the ratio system for election to the delegate congress has been retained....

[Levy] That is why I believe the demand for prohibition is sensible. If, for example, there were a fascist party here, and if it were contending that it was different from the original one under Mussolini, everyone would laugh. Why then should we tolerate something similar for the communists? Communism meant the death of tens of millions of people; it even killed more people than fascism and nazism combined. Why should we tolerate a communist party?

[(fp)] How can KAN and the KDU-CSL mutually augment each other?

[Levy] The advantages of the populists lie in a well-worked-out social policy and an excellent overview of agriculture. We, on the other hand, have a better view of security policies than do other parties.

[(fp)] Nevertheless, your candidate lists in the latest elections included some individuals who had been positively illustrated....

[Levy] That is easily explained. There was a total of six, four of whom were so-called candidates of secret cooperation. That category has already been abandoned even by the illustration law because it turned out that those people were frequently entered in the records against their wills. Of the two illustrated candidates who were in the agent category, only one was a member of the KPV; the other had been a member of the Association of the PTP [Brigade of Technical Assistants]. He was not even an agent of the StB [secret police] but a member of the military counter-intelligence component, which did not keep a register of obligated individuals so that he remained undetectable for us on the basis of the StB materials examined. We must also realize that those most vulnerable to agent penetration were, of course, the political prisoners and that they nevertheless proved capable of rejecting collaboration—frequently virtually in the shadow of the gallows.

*** Splintering of HSD-SMS Movement Explained**

93CH0264C Prague *LIDOVE NOVINY* in Czech 29 Dec 92 p 3

[Commentary by Michal Priban: "Changes in the Moravian Field?"]

[Text] In recent times, the HSD-SMS [Movement for Independent Democracy—Society for Moravia and Silesia] has drawn attention to itself primarily as a result of casting several negative votes with respect to the Constitution of the Czech Republic. This is not the first time that a portion of this movement has proceeded in conspicuous agreement with Sladek's Republicans; a little earlier, we found both of these entities attempting to constitute the so-called Moravian-Silesian parliament.

Despite the fact that the chairman of the movement, Jan Krycer, explains his neutral position with respect to voting on the Constitution by claiming that, in his opinion, the plenum on the whole unnecessarily rejected three proposed amendments by the HSD-SMS, the adoption of which required only a minimum of political will, not even he denies the political illegibility of the movement. However, as of Saturday, 2 January, a state of affairs in which a movement is represented by a number of people with very differing political opinions and concepts should be history. On that day, in the historical town hall of Brno a congress will take place and substantial changes within the movement are expected as a result of it.

The most important point of the program will be a proposal to transform the movement into a political party. The divergence of the existing political profile of the HSD-SMS was, to a considerable extent, conditioned by the nonexistence of the institution of exclusive membership; members of the movement were able to simultaneously be members of other political entities (most frequently, this involved the Moravian National Party, but, for example, it also involved the Czechoslovak Socialist Party). As a result, two fundamental streams gradually developed within the HSD-SMS. One espouses liberalism and sees the future of the movement in a centrist political party, which would not delimit itself with respect to the government coalition on an a priority basis and would solve any possible collaboration with it on a case-by-case basis. The second stream is the extremist nationalist wing, personified by the protagonists of the Moravian National Party. Its chairman, Ivan Drimal, has for several weeks not pretended that he is collaborating with the leadership of the HSD-SMS. It is not possible to estimate how many members of the movement these two wings represent because, thanks to the existing "generosity," no one knows today how many members of the HSD-SMS are simultaneously members of the Moravian National Party. However, it is possible to estimate that this membership duplicity occurs most frequently in Brno, at Blansko, and, in part, also at Vsetin.

Any kind of compromise at the congress would have merely a "deferring effect." Both wings are aware of this. That is why it is most likely to anticipate a clash, which will produce one winner. It can also be expected that there will

be a subsequent decline of members and sympathizers. If Drimal wins, the position of the delegates of the movement in the Czech National Council will become more complicated (the HSD-SMS already has some experiences involving the splintering of the delegate club) and the movement will only increase the number of our extremist parties. If the liberal stream wins, the next party could become a discriminating and serious entity in the future. We will know more on Saturday evening.

*** Establishment of Temporary Constitutional Court**

93CH0265C Prague *LIDOVÁ DEMOKRACIE* in Czech 29 Dec 92 p 1

[Article by (rs): "The Temporary Constitutional Court"]

[Text] The abandonment of principles and the shortening of the time left for discussion in committees from the prescribed 60 days to one day was recommended yesterday by the Presidium of the Czech National Council in regard to the proposed law on establishing a temporary Constitutional Court of the Czech Republic. The subject was introduced by the chairman of the Czech Parliament, Milan Uhde (ODS [Civic Democratic Party]).

In the words of one of the submitters of the above-mentioned law, the chairman of the KDS [Christian Democratic Party] Club in the Czech National Council, Marek Benda, the purpose of it is to assure the continuity of constitutionality in the Czech Republic, primarily in the area of protecting fundamental human rights and freedoms. As M. Benda stated further, the duration of the temporary Constitutional Court would be limited to the period until 30 September 1993. By that time, a regular Constitutional Court of the Czech Republic should be established.

The proposed law calls for the composition of the above-listed organization to be made up of those judges of the Constitutional Court of the Federation who were elected in the Czech Republic and who evince an interest in being transferred. The Plenum of the Czech National Council is expected to take a position on this proposal at its session tomorrow. Today, the Czech parliament should discuss, among other things, the proposal of a law for the acquisition and loss of citizenship in the Czech Republic and should also discuss the rules of procedure for the Czech National Council.

*** Thorough Army Restructure Advocated**

93CH0264B Prague *CESKY DENIK* in Czech 28 Dec 92 p 3

[Editorial by Bohumil Socha: "The New Czech Army"]

[Text] The Czech Army is coming into being gradually, slowly, and possibly even with a certain amount of resistance. But it is becoming a reality. This is an indisputable fact that no one among the sensible, contemplating officials as well as citizens can change. It is an unwanted child, at least as far as some federally minded politicians are

concerned, but an abortion is no longer possible. The child will be born and it is now up to us, the citizens of the Czech Republic, to give it something new, something progressive as a christening present. I don't think that it will be a minor one if this young child begins to be nursed with other ideals and thoughts than was the case with the dying Federal Army. I don't believe that it is necessary to shed too many tears over its grave. It continued to be an army with a surviving "hard communist core," which was not overly much affected by the velvet glove of the previous Federal Government. But now it is not a question of whether the "old structures" continue to have the biggest say in the Federal Army, something that is a completely documentable fact. Will the new Czech Army be a smaller copy of its federal predecessor or will some force be found that will begin to create it on the basis of completely different foundations and numbers? Will this newly arising formation rid itself of superfluous functions, offices, and other attributes of an army of a totalitarian state that are unnecessary and would only prolong the influence of the Communist Party within the Army? The new Czech Army should completely change its structure. What offers itself as the least painful solution and, at the same time, is a highly effective solution? The structure of the officer corps must be changed. We need a strong and relatively extensive noncommissioned officer and warrant officer corps. The Czech Army will not need as many colonels and generals who frequently occupy even inappropriate functions in view of their ranks. This is the first requirement which can lead the Czech Army out of the permanent crisis, which is besetting the current Federal Army. This slimming down and restructuring of the Army should make it possible to introduce greater professionalism, and should also lower the average age of the officer corps. Amateurism should have no place in the Army. And how else can one call the situation when army morale is being destroyed by petty fogger as well as by a shortage of financial and material resources? And I am no longer speaking of the low social value placed on service in the Army. Certainly, everyone will agree with me if I dare claim that an army that might be smaller, but is professionally at a higher level will represent a greater contribution to the Czech State than an army of conscripts with all its problems, shortcomings, and lack of professionalism. At long last, it will be possible to get rid of those 14 percent of professional soldiers who constantly vote for the Communists and thus clearly prove on which side they stand. There are not many of them, but they are there, and in high places. Their contribution to the new Czech Army would be zero. Particularly if they were able to exert an influence over even the new members of the Czech Army who are gradually entering the army and whose numbers will increase each year and who will create an ever greater share of that democratic portion of the officer corps and the group of generals. And it is primarily on the basis of these "cadres" that the Army of the Czech Republic should be gradually established.

It will take a while, but the results will be good. After all, even if I am not a prognosticator—which is currently a very popular occupation—I dare say that there will not be

any conflict involving our neighbors in the next five years. But only if we do not begin building some kind of a Czech Gabčíkovo somewhere on the Oder River. But perhaps that danger no longer threatens us.

* Visegrad Group's Free Trade Zone Proposal

93CH0263A Prague CESKY DENIK in Czech 30 Dec 92 p 3

[Editorial by Petr Wawrosz: "A Zone Both Promising and Dangerous"]

[Text] In the atmosphere immediately preceding the Christmas holidays, an agreement was signed that is expected to lead to the creation of a free trade zone on the territories of the Czech Republic [CR], the Slovak Republic [SR], Poland, and Hungary. It is probably the most important economic agreement so far signed by the CR and the SR as independent subjects, although, at the time of the signing, they were not yet independent. It behooves us, therefore, to look at the advantages and the disadvantages of this agreement.

A free trade zone is the lowest level of economic integration; it means that the countries will remove various obstacles to mutual trade, such as duty, tariffs, quotas, and nontariff measures—for example, permitting only certified products to be exported or imported. The removal of these obstacles leads to more competition, lower prices of foreign goods, and the elimination of monopoly, and is therefore a positive step. It is also in accord with the trend in world trade that is manifested, for example, in the further liberalization of the General Agreement on Tariffs and Trade (GATT).

The fundamental disadvantage of the free trade zone is the fact that it really is the lowest possible level of economic integration and does not pertain to nonmember states. Individual countries of the zone can therefore apply different foreign trade policy toward third countries—nonmembers of the zone. One can thus imagine the possibility of a situation where the CR and Poland will apply different tariffs and duties for the import of German goods. If, for example, duties in the CR are higher and German goods therefore more expensive, all the German producer needs to do is import the goods to the CR through Poland because the mutual Czech-Polish border is part of the zone. The measure calling for documenting the country of production (origin) of the goods, which is supposed to prevent such practices, has not proved too effective in analogous existing free trade zones. Because differences in foreign trade policy may cause problems in the zone, it is essential for the countries of the zone to coordinate (not only) this policy, even in this low economic integration. When problems in a zone keep growing, the zones sometimes go to a higher form of integration—a customs union, in which the agreement directly defines a common customs and foreign trade policy of the countries in the union.

The creation of the zone is not a simple matter because every country tries to protect its domestic producers from

foreign competition, which the zone supports. The elimination of the obstacles to trade is therefore done gradually so that the domestic producers can prepare themselves for the competition. Nevertheless, the original proposal, supported mainly by Poland and Hungary, to create the zone only 10 years after the date of signing the agreement, was surprising. It looked, in fact, as if these countries wanted but at the same time did not want this zone. At the urging of the Czech delegation, the time for creating the zone was shortened to five years inasmuch as there is really no sense considering a 10-year term because of its length. As the Czech Government stressed, the goal of the CR is membership in a much more powerful and integrated economic system—the European Community (EC)—which it would like to achieve by the end of the millennium. Although we often hear only nice words from the EC—and practical steps connected with joining tend to be put off—it is clear that the EC and the above-mentioned zone are qualitatively something entirely different. Within the period of five years, the zone could become the first step toward membership in the EC for all of the countries of the zone, but, if it were to be put into effect only in 10 years, it would merely delay entry into the EC because it is simply not possible to be a member of the EC and, at the same time, a member of the zone in question.

Nonetheless, there is the danger that, even from the EC side, the emphasis will be on first creating the zone and then, at some very distant time, joining the EC. It would be a good idea to be prepared for this danger and to keep conducting a policy that will lead to an early entry into the EC. Otherwise, it could happen that a relatively positive agreement on the zone will become more of a hindrance.

* Implications of Law on Securities Discussed

93CH0260B Prague EKONOM in Czech 11-17 Dec 92
pp 16-18

[Article by Dusan Libnar: "The Law on Securities"]

[Text] *The law on securities, which brings the previously issued laws on bonds, a securities market, investment corporations, and investment funds and the provisions of the Commercial Code regarding stock certificates under one roof becomes effective on 1 January 1993.*

The law does the following, in particular:

- Regulates the issuance of recorded securities, their management, and their record keeping within the center for securities.
- Determines the conditions for the activity of securities traders, brokers who are active on the financial market, and organizers of extraexchange trades.
- Takes over from the Commercial Code and expands the provisions on the storage and administration of securities and augments the Commercial Code provisions on contractual transfers of securities.
- Introduces the category of publicly traded securities.
- Contains some provisions to protect the financial market and investors in the financial market and defines the tasks of state oversight in this area.

Recorded Securities

The concept of a security normally conjures up the notion of a listing containing a series of particulars that are mandated by law and in which various property rights are recorded, depending on whether the security is a stock certificate, a bond, or another type of security.

The development of financial markets increasingly limits this "classical" concept of securities. It is recognized that the essential characteristic of a security is an entry regarding property rights or other rights connected therewith and that this recording need not be accomplished on the list, but that it can also be accomplished by another method stipulated by law—for example, in the memory of a computer. In other words, this does not involve a security in the form of a paper item that is irreplaceable for the purposes of the origin, execution, transfer, and duration of that particular right. The concept "security" was assigned a symbolic significance because it can be in both the form of a classical security paper and the more modern dematerialized form of a recorded security.

According to the new law, bonds, including deposit lists and certificates of deposit, stock certificates, temporary lists, share lists, and investment coupons can all be recorded securities. The other types of securities—bills of exchange, checks, bills of lading, consignment papers, and warehousing lists—may continue to be only in the form of paper securities.

The actual significance of the law lies particularly in the fact that all securities based on coupon privatization will be issued in recorded form, although they can possibly be exchanged for paper securities—but that cannot happen any earlier than three years hence.

The law prescribes the manner in which recorded securities are kept track of, transferred, pledged as security, and so forth. In comparison with paper securities, recorded securities have a number of advantages for their owners, issuers, and securities traders:

- The Handling of them is substantially cheaper. There are no expenditures for the technically demanding and expensive printing of paper securities, expenditures for their storage. There is also no need for safes, warehousing space, and manipulation work involving paper securities. Instead of clipping and cashing coupons, the proceeds from securities (dividends and interest) are accounted for directly to the benefit of the owners of the securities or bonds.
- The safety of operations involving securities is increased as far as the possibilities for forgery, theft, loss, or destruction are concerned.

In contrast to the above, operations involving recorded securities have a number of specific characteristics. They are very demanding in terms of reliability, security, and speed of technical solutions involving their transfer, the keeping of accounts by owners of recorded securities, and must be registered by their issuers. The protection of data recorded at the Center for Securities is also important so that only authorized individuals have access to it, and so forth.

The Center for Securities

The provision of the law according to which the central location that will engage in keeping records connected with recorded securities is to be the Center for Securities is of key importance. The transfer of a recorded security will be legally effective only upon registration of that transfer at the center. That registration has a so-called constitutional character. That is why the law stipulates that the activities of the center will be overseen by the appropriate Ministry of Finance and that the state will guarantee the obligations of the center.

The center must be financially self-sufficient but will not be an organization whose activities would be aimed at maximizing profit. It will provide its services for a fee. State supervision will have to make sure that the costs of its services are justified.

The center must not trade in securities nor be an organizer of a market in securities, nor is it allowed to engage in any other activity. Within the framework of its record-keeping activities, the center will perform the following functions, in particular:

- It will establish an account for each owner of a recorded security and will keep records in that account of the owners recorded securities, their numbers, and the change of their status—that is, it will keep track of buys and sales and other transfers of securities. It will further keep records as to which persons are authorized to handle securities, who is entitled to obtain information on the account of an owner of a security, or, possibly, information as to which trader in securities administers any particular security, and so forth.
- It will establish for each issuer of recorded securities a register in which it will maintain data on owners of securities. This will be necessary for the payment of proceeds from securities (dividends and interest) and for paying off bonds.
- It will provide owners of accounts involving recorded securities an extract from this account at least once a year and always when an entry is made to credit or debit the account. Similarly, it will once a year provide the issuer with an extract from his register.
- It will provide additional services to owners of securities, issuers, securities traders, stock exchanges, or organizers of extraexchange markets, provided they agree on those services with the center.

The foundation for the above-listed extensive registration of data the center will be undertaking already exists. It came into being during coupon privatization. All coupon stockholders had an account of recorded securities automatically established for them, and the same is true of registers for issuers. Those records will be inherited by the center from the Center for Coupon Privatization. That is an unusually valuable data base, which it is purposeful to utilize further.

To permit the center to continue that extensive record-keeping of securities, the law requires the owners of

securities and issuers to provide it with appropriate data and to do so in a form specified by the center. It can be anticipated that, for purposes of direct contact with private individuals, the center will stipulate the use of forms to be used in transmitting orders to the center; for contact with larger securities traders and investors, it is possible that diskettes might be used or a method found for their direct contact with the center via communications equipment. In working out the law, there was not a uniform view as to whether it was an advantage or a disadvantage to conceive the center as a central register providing services to all participants in the financial market.

The law preserves the design of a uniform center. Of course, that does not mean by a long shot that the individual entities (for example, the stock exchange, banks, and so forth) could not keep their own registers of recorded securities for their own purposes. It will be a matter of their agreement with the center whether, and to what extent, they will be forming their partial data bases through direct contact with the center or whether they will do so for themselves.

Securities Traders and Brokers

Trading in securities is a highly specialized activity, on the mastery of which depends the smooth, transparent, and serious trading going on in the financial market, the prevention of unnecessary disputes and unclarities, and the protection of investors. That is why the law specifies that trading in securities—the systematic undertaking of this business activity for purposes of achieving profit involving the purchase and sale or brokering of purchases and sales of securities—can, at first, only be done by securities traders who are so authorized. Securities traders can also broker the issuance of securities, their payoffs, and the payment of proceeds based on them. They may also engage in consultation activities in matters having to do with securities.

In practical terms, that means that securities traders will generally be banks and specialized firms for trading in securities.

A permit to engage in activities as a securities trader will be issued by the Ministry of Finance on the basis of an evaluation of substantive, personnel, and organizational prerequisites for such activities. The law expects that the range of permits will be differentiated in accordance with the intended circle of activities of the securities trader. For that reason, the law does not prescribe a minimum requirement of basic worth. But, in granting permission for such activities, the need for capital will be judged in conjunction with whether the trader will only be brokering transactions involving securities or will be trading for his own account, as well, and the requirement for capital will also be judged in accordance with the ratio of the trader's basic worth in relation to the volume of pending trades, taking into account his possible activities, and so forth.

The trader must maintain a diary listing all transactions of securities, in which are recorded all orders he has accepted for purchase or sale of securities, as well as the completion of such transactions. The diary not only serves the trader

but is also important in the event of any unclarities regarding the trader's relationships with his clients and is also an important document for the implementation of state oversight.

The law introduces the professional activity of a broker—that is, an individual who has passed the broker's examination and has permission from the Ministry of Finance to engage in brokerage activities. As a rule, a broker will be an employee of a trader. He will conclude contracts in his name with customers regarding the brokering of purchases and the sale of securities (he may even purchase securities and sell securities for his account) and will also engage in additional specialized activities having to do with limiting securities. To the extent to which this activity will be carried out by the trader himself, he must also pass a brokerage examination. A brokerage examination is intended to particularly demonstrate the knowledge of legal regulations that govern the financial market.

The law expects that any permission granted to engage in securities trading activities or in brokerage activities can be withdrawn if the conditions under which it was granted change or if a shortcoming in these activities is found to exist.

The Organizer of an Extraexchange Market

Our financial market will have a number of specific characteristics. They also include the fact that the majority of securities issued before the day the law on securities becomes effective will be considered as being publicly tradable (see below), as long as another law or the decision of the issuer does not indicate that they are not publicly tradable. Securities that have the highest degree of intrinsic value will be traded on the stock exchange. However, it is necessary to organize trading involving all securities that will be publicly tradable. In addition, it is purposeful to have certain insurance against the possibility that the stock exchanges and securities traders might not be able to master the great volume of trades for the most varied reasons, particularly in the beginning phase of the financial market.

Therefore, the law makes it possible for special organizations—organizers of the extraexchange market—to come into being. An organizer of an extraexchange market will have a task that is similar to that of the stock exchange. It can even be said that, to a certain extent, it might be competitive in nature.

Unlike the stock exchange, the organizer of an extraexchange market will not be trading securities for his own account. He will not be considered a securities trader. This will prevent a possible conflict of interest based on both of these activities if they are engaged in by a single individual.

In contrast to the stock exchange:

- The extraexchange market will trade in all securities permitted for public trading by the ministry. On the stock exchange, in addition to this permission, the decision by the stock exchange to accept a certain security for trading on the exchange will be required.
- Buys and sells of securities in the extraexchange

market may be made not only by securities traders but also by owners of securities directly. On the stock exchange, only certain traders may engage in securities trading; they are either members of the stock exchange or individuals who have purchased tickets permitting them to trade on the stock exchange.

- The law requires an organizer of an extraexchange transaction to have the technical equipment required to organize the supply and demand of securities and to compute their prices.

Part of the permission to engage in activities as an organizer of an extraexchange market will be approval of that individual's market regulations. The market regulations must list the method of trading, the computer program to be used for determining the price of securities, and the method of financial settlement of the transactions.

The entire system of extraexchange markets will be absolutely impartial. It will be intelligible to both the sellers and the investors. It will be subject to state oversight.

Obviously, only a very limited number of permissions to engage in activity as an organizer of extraexchange transactions will be issued. It is not possible to countenance the fragmentation of the financial market because it is only a sufficient volume of offered and requested securities that safeguards the objectivity of their prices.

Publicly Tradable Securities

The law introduces the category of publicly tradable securities—that is, securities issued on the basis of a permit from the appropriate ministry. In comparison with other securities, higher demands are placed on publicly tradable securities. For publicly tradable securities, working out and publishing a prospectus is required. The fundamental requirements for a prospectus are stipulated by law and chosen in such a way that investors are informed about the financial situation of the issuer and his business intentions, the composition quality of the management apparatus, the outlook for business, his investment policy, and so forth. Moreover, the prospectus must contain data on the issued security, all rights and obligations connected with the security, the method for its issuance, the method of payment of proceeds or possible paying off the security, and so forth.

Even issuers of previously issued securities—that is, even stock certificates of privatized corporations, where the issuers desire the securities to remain publicly tradable—will have to work out a prospectus for those securities, in retrospect, by the end of 1993.

The issuer of a publicly tradable security is obliged to publish a report on his management at least once each year. Furthermore, he is obliged to notify the appropriate ministry of any facts that could bring about a significant change in the price of the securities issued by him. Those facts include, for example, the initiation of bankruptcy proceedings or settlement proceedings, the halting of activities on the part of the issuer on the basis of official decisions, and significant organizational changes such as amalgamation, division, large property losses, and so

forth. According to the decision by the ministry, the issuer is then obliged to publish those facts.

Securities that will not be issued publicly—that is, so-called private issues—will obviously be utilized by those issuers who do not intend to place their securities with the broader public (for example, family-operated stock corporations, the capital amalgamation of only a few stockholders, and so forth) or by those investors who, for the most varied reasons, refuse to publish a prospectus and the results of their management. Such securities will be more difficult to trade.

Protecting the Financial Market

The introduction of publicly tradable securities is primarily intended to protect investors and the financial market in general. The consistent publication of all important data on issuers makes it possible for investors to make decisions on the basis of full knowledge of the substance involved, makes it possible for them to reliably assess the advantages or risks of their investment in securities, and sees to it that the market for the securities would not suffer undesirable fluctuations.

The law further prohibits participants in the financial market from utilizing any other so-called confidential information for their own benefit or the benefit of another. Confidential information is considered to be such information that is thus far not publicly available and that could, after being published, significantly influence the price or the yield of a certain security. Individuals who, thanks to their profession or their standing, have such information available sooner than other participants in the financial market are prohibited from trading the securities involved.

The above provisions are included among those recommended by the European Community and that will require further detailing. They are intended to create the legal foundation for a certain ethic in trading on the financial market.

While as recently as the 1970's developments in the market economies were aimed at restricting central provisions in the area of the financial market, those tendencies have been changing in the most recent decade. Measures aimed against dishonest and undesirable practices in trading securities to the detriment of the investor or another participant in the financial market, as well as measures to increase the transparency of the market in securities, are considered a necessary part of the conditions for competition in the domestic as well as the international financial market today and are felt to be the necessary prerequisite for the goal-oriented creation of public confidence in the seriousness and honesty of the actions undertaken by securities traders.

State Oversight

State oversight over the financial market will be implemented by the Ministry of Finance. It will permit the issuance of publicly tradable securities; it will allow the activities of securities traders, brokers, organizers of

extraexchange markets, and operators of securities printing facilities; it will check on compliance with legal regulations that control the financial market; and it will be authorized to impose measures of rectification and fines.

The law does not specify the method by which state oversight will be implemented—whether it will be implemented directly by the apparatus of the Ministry of Finance or whether the minister of finance will establish a special organ to handle some of the activities of state oversight. For example, the Czech Ministry of Finance has already established three commissions composed of specialists in the financial market as its advisory organ. One commission is established to permit the issuance of publicly tradable securities; the second is to permit the activities of securities traders and brokers; and the third is for investment corporations and investment funds. This is intended to assure the objectivity of decisionmaking so that the granting of permission will not become an "autonomous decision on the part of the referent."

Partial Amendment of the Commercial Code

The provisions of the law on securities and securities trading require that partial changes be made to the Commercial Code, which has hitherto, for example, not permitted the recordation of stock certificate forms. It has also turned out that it is necessary to modify and expand the provisions on contracts having to do with securities—for example, contracts having to do with securities will now be subject to the Commercial Code, irrespective of whether the parties to the contract are businessmen or other individuals.

Along with these changes, which have been brought about by the securities law, it was necessary to undertake some additional changes in the Commercial Code, with the modification for the creation of reserve funds being of the greatest importance among them. In contrast to the previous language of the Commercial Code, it is now not necessary to establish a reserve fund immediately when a stock corporation or a corporation with limited liability comes into being, and it need not be created in the form of liquid resources. The reserve fund will be created at a time and of a magnitude specified in the corporate contract, although it is necessary to adhere to the provisions of the law calling for its creation at a minimum level.

* Restitution Rights, Reality in Agriculture Viewed

93CH0260C Prague EKONOM in Czech 11-17 Dec 92
pp 31-33

[Article by Jiri Nesnidal: "Restitution in Agriculture—The Law and Reality"]

[Text] The time for asserting ownership claims according to Law No. 229/1991 Sb. [Collection of Laws] on regulating ownership rights to land and other agricultural property, as modified by Law No. 93/1992 Sb. (hereinafter referred to only as the "law on the land"), has drawn nigh. The interpretation of that law and its realization in practical terms is surrounded by much emotion, many disputes, and

primarily, manifestations of dissatisfaction on the part of those to whom property that had been confiscated during the years of the totalitarian regime is being returned—or, in the majority of cases, is to be returned. The overall numbers are in no way encouraging. According to official data, more than 200,000 restitution claims were filed in the Czech Republic; of these, however, only about one-fourth have been resolved, and, for the most part, those have not been completely resolved.

If we disregard the moral viewpoint that this involves rectifying property injustices caused by the previous regime, then today it is only the isolated voices of the permanent opponents that cast doubt upon the fact that restitution is a relatively rapid and effective way to achieve the primary goal of the reform—that all land should have its clearly identified owners. From that viewpoint, settlement by restitution is one of the starting conditions involved in the privatization of agriculture, without which, much like in all economic sectors, the assurance of efficiency and effectiveness in agriculture, complete with all its tasks, beginning with feeding the nation and ending with landscape creation, is unthinkable. As was recently proclaimed by the director of the Privatization Department of the Ministry of Agriculture of the Czech Republic, Eng. Karel Burda, "As long as there are no fully private entities, the agony of former state incursions will live on."

The Law Applies, but...

Following the first reading of the law on the land, it appears that everything is more or less clear. In simplified terms, an entitled person—the original owner—of confiscated property or his heirs can assert his claim with the land office and, at the same time, challenge the appropriate obligation-bound individual—the organization that holds the property (state farm, cooperative, forestry enterprise, and so forth)—to hand it over. After receiving the challenge, the obligation-bound individual concludes (within 60 days) an agreement with the entitled person on handing over real estate. The law also establishes rules for cases in which the entitled person has a claim for compensation for devalued or removed buildings, for no longer existing permanent areas, for livestock and material inventory. As far as this point is concerned, it could be said that the legal framework for returning agricultural property had been defined with adequate clarity and accuracy.

However, if we look under the cover of the restitution pot, we find that virtually nothing is in order. Not even in its amended form does the law on the land facilitate a completely unified approach and the equal standing of all involved.

A Shortage of Goodwill

The law primarily figured on the fact that all interested parties would respect the law. That is why, much like the other restitution and privatization laws, it did not contain the threat of sanctions in the event the language of the law was not complied with.

But in no other sphere of the economic life was there so much of what the deputy minister of agriculture of the Czech Republic, Eng. Vlastimil Tlusty, designated as "violation of laws based on the inadequate goodwill of obligation-bound individuals." Still harsher words were selected by the chairman of the Agricultural Committee of the Czech National Council, Dr. Jan Cerny: "The reason for the failure to hand over property is not so much the unclarity of ownership relationships but, rather, the unwillingness of obligation-bound individuals and efforts to defer the entire restitution process."

The fact is that many obligation-bound individuals continue to act from a position of strength, in the knowledge that no realistic power exists that would compel them to be cooperative with those who have demonstrated their entitlement to take over property that had been unjustly confiscated years ago. And voices are also not infrequently heard indicating that the unsatisfactory solution of restitution claims by obligation-bound individuals has as its alleged goal the acquisition, for their own account, of a larger portion of property for their own business undertaking on the one hand, and, on the other, the deprivation of owners of the appetite for independent management right from the beginning—simply stated, the acquisition of better starting positions in competition involving privatized agricultural enterprises.

Insult and Deprecation

The justifying report attached to the law on the land states: "The form of this process (the acquisition of ownership rights and the actual taking possession of property—editor's note) will be decided in countless alternatives by the owner himself, limited only by the framework of general legal regulations." But what are the facts?

Letters full of bitterness and disappointed hopes are accumulating at land offices, regional departments of the Ministry of Agriculture, and other institutions and are also flowing into our editorial offices. It makes for sad but, at the same time, instructive reading.

The letters indicate that some of the representatives of obligation-bound individuals are denying and casting doubt on the ownership rights of entitled persons. They are leaving the entire burden of proof on people trying to assert their justified claims; they are not helping land offices—the administrative organs to which they are subject with respect to land restitution and other real estate decisions—find the right solutions. And at that, logically, it is precisely the farms, cooperatives, and other obligation-bound individuals that have many of the documents the land offices lack in their archives and for which entitled persons are so laboriously searching, particularly lists indicating the takeover of real estate and material property, lists showing the development of ownership and user relationships, and many others.

Moreover, there is an unbalanced position here—on the one side, an obligation-bound individual, an agricultural enterprise that continues to have the use of a practiced team, including an economist, an agricultural specialist, a

lawyer (and, frequently, even ordinary "little kulaks"), and, on the other, the entitled person, who lacks this support or might even have it but has to pay for it out of personal resources despite the uncertain outcome.

Particularly inexhaustible seems to be the supply of subterfuges with which the representatives of state farms, cooperatives, forests, and other allies fool entitled persons. Only a few are presented here:

- The evaluation of material property not by accounting values but by frequently arguable estimates.
- The rejection of claims for material inventory according to Section 20, Paragraph 6 of the law on the land, when it is not possible to identify its current value and the assertion of estimates by an expert (he might work out an estimate for machines and installations he has never seen) instead of procedures in accordance with Government Decree No. 20/1992 Sb.
- The compelling of individuals to become members of the original cooperative or of various newly arising entrepreneurial entities.

As a culmination of their efforts, people striving for the return of their property hear the opposing team say with cynicism: "Go take the matter to court."

The absurdity of these events is still further multiplied by the fact that, according to the law, the roles of both parties should be precisely reversed. After all, the claim is being asserted by the owner and, in a given case, is being denied by the renter because, as of the effective date of the law (24 June 1991), a lessor-lessee relationship came into being between them.

Land Offices an Impediment?

Recently, voices have been heard in the press, accusing land offices of obstruction when, instead of making a substantive decision, the obligation-bound individuals are causing delays and deferring their decisions more and more. According to those voices, it is only rarely that a land office makes a decision on its own, even in cases when it is obliged to do so by law. (CESKY DENIK, 24 October 1992: "Land offices are avoiding making decisions, are extending deadlines, and are frequently an impediment to handing over agricultural property.")

We asked two managers of land offices about this—Eng. Marie Nydrova (Louny) and Eng. Frantisek Nosek (Jablonec nad Nisou).

M. Nydrova: "Our hands are tied by the Administrative Code. If we find that some important documents are missing, we must halt the proceedings. A number of entitled individuals do not want to recognize the fact that they must present proof of their claims. We frequently hear them say: 'Why do we need that? In those days, they took our property within 24 hours, and returning it takes years....'

"Even if we understand the restitution applicants, we cannot make a decision without the documents that prove their ownership claims. For example, identification and photographs without which it is not possible to specify the claim are totally essential."

F. Nosek: "We check to see why an agreement was not drawn up. As long as we have statements by all interested organs—the land improvement administration, the environmental people, the construction office, and so forth—and if we have concentrated all documents from the entitled persons—documents showing the acquisition of the property, documents showing the loss of the property, documents from the geodetic survey, then we evaluate the situation and issue our decision. We do so either at our own initiative, in case the deadline according to the Administrative Code is about to expire, or, if the matter is urgent—for example, let us say that the applicant for restitution wants to operate his farm himself or permit a cooperative to incorporate his property within the framework of transformation."

We asked two additional questions of the above individuals: The new chairman of the Association of Landowners, O. Rezac, stated that agricultural cooperatives and state farms show no respect for the law and that the state acts as if it has nothing to do with it. Is this true of those offices headed by you? What are you doing—and I mean actively—to see to it that justified restitution claims are satisfied?

M. Nydrova: "I can state that agreements are compiled in 90 percent of the cases. Failure to take the law into account comes into play particularly in the case of compensation. However, that is not under our control. If no agreement comes about and if the claim for handing over real estate is adequately documented, we initiate matters in accordance with Section 9, Paragraph 4 of the law on the land and issue a decision. But we resort to this only at the initiative of one or the other of the parties. Most frequently, this impetus comes from entitled persons in cases where the obligation-bound individual adopts the position of a 'dead bug.' We announce a verbal proceeding, we invite both parties, and, for the most part, an agreement is then reached.

"I would like to point out that agreements are frequently not reached because people want everything at once. They are afraid that, as soon as they sign an agreement, their property, which is not incorporated in the agreement, will not be returned to them at all. We advise them that it would be better to make only a partial agreement regarding the restitution of that portion of the real property that is not in dispute. Disputed matters can be deferred to a later time frame."

F. Nosek: "We have our own form letters, which we use to challenge the obligation-bound individual to inform us why an agreement has not been reached and what is preventing it. On this basis, we are attempting to help in

eliminating obstacles—for example, in obtaining documents for the entitled person. In the event that the obligation-bound individual ignores our exhortation to conclude an agreement, we issue a decision in the matter even without an agreement.

"A certain problem for obligation-bound individuals is that not even they have people in some cases who are capable of concluding a qualified agreement. They specifically fail to understand documents from the geodetic survey. It has occurred that an obligation-bound individual handed over a land parcel that did not belong to him or possibly land parcels that are not to be handed over by law. Naturally, we cannot approve such an agreement."

They Do Not Have It Easy

Land offices deal with internal problems that make it impossible for them to have all restitution cases pass through their administrative mechanism.

This is primarily a matter of inadequate personnel staffing. They take on a daily load of 10-20 applications filed by entitled persons, but their personnel numbers make it possible to issue only six to eight decisions. And, at that, it is necessary to issue several decisions per application. As a general rule, each matter involves several obligation-bound individuals.

Work Load and Capacity of Some Land Offices in the Czech Republic

Location	Number of Applications ¹	Number of Decisions
Jablonec n. N.	1,200	300
Louny	3,800	1,200
Jicin ²	2,600	500
Usti n. L. ²	600	200
Tabor ²	2,500	600
Pribram ²	3,800	400
Kutna Hora ³	3,700	300
Cheb ³	3,000	300
Strakonice ³	2,400	500
Zlin ³	1,900	600

¹Numerical data are rounded off to even hundreds. They are effective on 31 October 1992.

²Data taken over from SVOBODNE SLOVO.

³Data taken over from CESKOMORAVSKE ZEMEDELSKE NOVINY.

Initially, land offices worked with interpretations (some adhere to them to this day), according to which the administrative proceeding in a restitution case does not begin until an agreement has been reached. However, checking with the Office of the Prosecutor—for example, at Louny—this procedure was criticized by the chief of the land office as being a shortcoming, and she ordered that the procedure be changed so that the proceedings begin with the submission of the application for restitution. There is nothing left but to say that was totally correct. Any

kind of proceedings before an organ of state administration begins with the acceptance of the application. And, in the given case, that is the application by the entitled person, through which that individual is asserting his claim to real estate (Section 9, Paragraph 1 of the law on the land). The chief of the land office does not doubt the justification of the position taken by the Office of the Prosecutor, although that means a further increment in administrative work for them.

The above difficulties are joined by the small capacity of geodetic survey units. And, as has already been mentioned, without the identification of land parcels, without geodetic plans and photographs of land parcel maps, the land office cannot issue a decision. The deadlines for acquiring those documents from the geodetic people are immensely long: at best, six months; at worst, perhaps even a whole year. A similar situation pertains with respect to extracts from land registers. However, it must be pointed out that personnel and material-technical problems at those offices are frequently more threatening than those afflicting land offices.

Without Documents, Things Truly Do Not Move

The main mission of the land office is to assist in settling justified claims to renew ownership rights. But, as organs of state administration, they cannot afford to make decisions on the basis of incomplete or questionable documents.

According to a coordinated statement by the heads of land offices, it is frequently the applicants for restitution who, to a great extent, hamper the progress of proceedings—by submitting their claims with inadequate documentation, by frequently not knowing who the obligation-bound individual is, by their ignorance of the cadastral territory involved. They lack the documentation confirming their acquisition of ownership by the original owner and by the succession of other individuals according to Section 3, Paragraphs 2 and 3 of the law on the land. They are lacking documents showing the time and method by which the property was taken over by the state. There continue to even be cases where documents are submitted without being officially verified.

However, these facts cannot basically change anything regarding the lack of goodwill on the part of those who have a duty to cooperate in realizing the law and of handing over property to entitled persons according to the law.

The Office of the Prosecutor Steps Into the Game

The prosecutor general of the Czech Republic, Jiri Setina, doctor of jurisprudence, shortly after taking office was, in his words, horrified by the haughtiness with which the Office of the Prosecutor regarded the troubles in agriculture: "For three years, it never noted that there is a monstrous transfer of property going on there, which is always connected with the real danger of violating the laws. People who are organizing restitutions frequently adapt

the law to their own needs.... We have tens and hundreds of signals indicating that, in this sector, long-time violations and circumventions of the law are a fact."

So that at 1205 hours, the Office of the Prosecutor is finally joining the restitution process, not only on the basis of consistent reexamination of initiatives and complaints by dissatisfied applicants for restitution, but also by taking measures having to do with newly arising business entities in agriculture, which are demanding to be recorded with the Registration Court. To the extent that these applicants do not have the satisfaction of legal restitution claims in order and, thus, incorporate foreign property into their holdings, the Office of the Prosecutor will intervene to see to it that registration is refused.

The Principal Instrument of Rectification—The Sanction Law

In the knowledge of all of the above-mentioned problems and difficulties involving restitutions, which are brought about by the capricious action of a part of the obligation-bound individuals, a group of delegates to the Czech National Council prepared a proposed law on sanctions for failure to adhere to generally valid legal regulations in the transformation of agriculture ("the sanction law").

The hardest impact is expected in cases falling under Section 4, which imposes sanctions (reprimand, fine, forfeiture of property) for anyone who violates the above regulations, as well as cases falling under Section 7, which has to do with bail bonds.

The chairman of the Association of Landowners, Otakar Rezac, said the following to us regarding the sanction law: "The efforts to push through sanctions that would lead to fulfilling legal standards has been ongoing since the law on the land and other laws were adopted. What is involved here is that laws should be observed that tend to rectify the long-term violation of ownership rights.

"Opponents of the sanction law claim that it is a law that is aimed at liquidating the cooperatives. In my opinion, this is mixing two different things: Rectifying ownership rights with respect to land and other agricultural property is being confused with a form of engaging the returned property in business activities. If the owners decide that they will operate within the cooperative, nothing and no one can prevent them from doing so. And vice versa. The decision as to what form an owner shall do business in, that is a sacred right.

"Frankly stated, I cannot imagine a truly democratic government that would fail to react to attempts to violate that right...."

* * *

Anyone who writes today about agricultural restitutions cannot avoid having the feeling that much has been left unsaid, that much can be presented on paper only in abbreviated form and thus greatly flattened out. It is clearly one of the most devilish problems confronting post-November economic reality. And not only economic reality. The rectification of property injustices in agriculture has not become a political affair. It has been a political affair from the very beginning as a result of its entire natural essence. Therefore, it deserves constant attention.

* Legal Gaps in Small Constitution Questioned

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[Article by Piotr Winczorek: "Constitutional Puzzle"]

[Text] The Small Constitution, which has been in force for a few days, is not widely praised. The president does not seem to be happy about it, while the parliamentary opposition criticizes it sharply. Still, it is in effect, and one has to observe it. However, it would be much easier to apply some of its provisions if they were better written from the legal point of view. The vague terminology and obvious gaps in the Constitution resulted perhaps from the fact that the deputies and the senators were focused on resolving major issues. They might have been so busy that they paid no attention to stylistic and editorial details. Perhaps the blame can be put on their reluctance to use the advice of lawyers-specialists, which they expressed during the first session of the extraordinary commission formed to review the presidential draft of the Small Constitution in December 1991. In any case, the flaws in the Constitution's text have to be eliminated either through legal interpretation (sometimes farfetched) or through amendments, which, I would suggest, be done as soon as possible. Otherwise, we are risking misunderstandings that might have grave political consequences.

Article 3, Section 1 of the Small Constitution stipulates that 460 deputies to the Sejm are supposed to be elected through universal, equal, direct, proportional, and secret ballot. On the other hand, Section 2 of the same article provides that 100 senators are supposed to be elected through "free, universal, direct, and secret ballot." Would this mean that elections of deputies may not be "free"? And, if so, what kind of ballot might this be? Parliamentarians and others have been pointing out this obvious inconsistency, but it was not corrected at the appropriate moment. Now the problem will be passed to on a legislator, who may try to write the Senate electoral ordinance. In addition, the State Electoral Commission, which is supposed to supervise the observance of these vague provisions, may also face this puzzle.

Article 4, Section 2 of the Constitution stipulates that the president call for elections to the Sejm and the Senate "on a work-free day." Section 6 of this article contains the same phrase. If one were to read it literally, one would have to understand that the president is supposed to call for elections on Sunday or another state holiday (Easter Monday, for example), while the elections themselves could take place any day—a work day or a holiday. It is obvious nonsense. It could have been avoided if the editing had been done more carefully. The other electoral ordinances stipulate that elections should be held "on state holidays" (for example, Article 9, Section 2 of the 1990 ordinance that regulates elections to the gmina councils). The authors of the Small Constitution should have followed this pattern.

Article 10, Section 3 of the Constitution provides that the terms of the Sejm speaker and his deputies "run out the moment the new Sejm convenes." It is difficult to say exactly, in light of the Small Constitution, when that "moment" takes place. Is it when the first newly elected deputy shows up in the room? Is it when all deputies take their seats? Is it when they take their oaths? It does not seem to be a significant problem, but who knows what may happen? After all, the Sejm speaker is an important figure. He would fill in for the president if the latter were unable to fulfill his duties. Therefore, it is worth knowing when exactly his term runs out.

According to Article 13 of the Constitution, only the Sejm is empowered to enact bills. Also, Article 17, Section 1 contains this fundamental principle. On the other hand, the Senate has the right to reject a bill (Article 17, Section 2). A Senate resolution rejecting a bill may in turn be overruled by the Sejm through an unqualified majority of votes (Article 17, Section 4). This means that there may be bills that have been passed by the Sejm only to be rejected by the Senate. However, according to Article 18, Section 1, "The Sejm speaker asks the president to sign a bill adopted by the Sejm and the Senate." Does that mean that the speaker may ask the president to sign a bill that has been "accepted" (enacted) by the Sejm but "rejected" by the Senate? May the president sign such a bill? It is uncertain because Article 18, Section 1 contains the conjunction "and." By the same token, there is a contradiction between particular provisions of the Small Constitution (Article 17, Sections 1, 2, and 3 on the one hand, and Article 18, Section 1 on the other), which should have been phrased in a unified manner.

According to Article 23, the Council of Ministers may issue decrees with the power of parliamentary bills. Section 6 of this article provides that, before signing such a decree, the president may ask the Constitutional Tribunal [TK] to assess whether it is constitutional. The Small Constitution does not say it clearly, but, in my opinion, the president could refuse to sign such a decree if the Tribunal finds it unconstitutional. This conclusion can be derived from the second sentence of Article 18, Section 4, which pertains to bills. However, if the president does not use his prerogative, can someone else (the ombudsman, for example) ask the Tribunal to assess the constitutionality of a decree with the power of a bill *after* it becomes effective? If yes (the Small Constitution does not address this issue clearly), what will happen if the Tribunal finds such a decree unconstitutional? Would its ruling be final, as in the case of the Council of Ministers' executive decrees found unconstitutional, or would it be revokable, as in the case of bills? Furthermore, who and in what way would have the right to reject the Tribunal's ruling—the Council of Ministers that issued the decree in question, or the Sejm? The latter has the right to question the TK's rulings regarding bills, in the light of provisions of the 1952 Constitution remaining in force (Article 33a, Section 2). If the Tribunal's rulings can be rejected (which is doubtful), is it acceptable in the state of law to have laws on the books that have been found unconstitutional, laws made by the executive branch of the government, no more no less? Puzzles and more puzzles.

The presidential draft of the bill on appointing and dismissing the government, dated December 3, 1991 (Sejm publication No. 6), was clearer about this matter. It stipulated that the TK's rulings on decrees with the power of parliamentary bills would be final (Article 7, Section 3). Too bad the Small Constitution has not followed this suggestion.

According to Article 53, Section 1, the Council of Ministers [RM] (the government) is composed of "the chairman of the Council of Ministers, deputy chairmen of the RM, ministers, and chairmen of commissions and committees that perform the functions of the supreme organs of the state administration (listed in the bill), who are appointed in a way prescribed by Articles 57-62."

Thus, the Constitution lists four categories of persons who together constitute the government of the Republic of Poland. Interestingly, the deputy chairman of the Council of Ministers (to be sure, the quoted article uses a plural form) does not have to be appointed as such. Instead, one of the ministers can be assigned to this position (Article 53, Section 2). There are two deputy chairmen of the Council of Ministers right now. The Sejm appointed them a few months ago on the basis of Article 37, Section 1 of the 1952 Constitution. The question is, can they be removed today? Who can submit such a proposal? And who can dismiss them? According to the Small Constitution (Article 68 Section 2), the president, asked by the prime minister, "may replace particular ministers." Therefore, if one were to read this provision literally, the president may not dismiss a deputy chairman of the Council of Ministers if the latter is not a minister at the same time (the same pertains to the chairmen of commissions and committees, listed in Article 53, Section 1). It may also be that the deputy prime minister can neither resign nor be voted out of office by the Sejm because the Small Constitution envisions these procedures for only ministers (Articles 67 and 68, Section 1). The literal reading of the Constitution could lead one to a tongue-in-cheek conclusion that the job of the deputy prime minister is today the most secure in the whole government. One can lose it only if the entire Council of Ministers is dismissed. It remains to be seen how the chairman of the Council of Ministers will deal with this issue if he wants to get rid of his deputies. In any case, a major legal interpretation of the Small Constitution may be a necessity.

It seems that the Constitution has completely ignored the deputy chairmen of the Council of Ministers. According to Article 63, the RM chairman and ministers are supposed to take their oaths before the president, whereas the RM deputy chairmen are not even mentioned. Are they not supposed to take that oath at all?

One can only guess why the authors of the Small Constitution were so neglectful with regard to the deputy chairmen of the Council of Ministers. The draft of the Constitution, submitted by the Parliamentary Club of UD [Democratic Union] on 13 February 1992 (Sejm publication No. 126), did not even envision such a position. According to Article 52 of that draft, "The Council of

Ministers (the government) was composed of the chairman and ministers." At the same time, the chairman of the Council of Ministers "could appoint one of the ministers as his deputy." The problem of the deputy prime ministers surfaced when work on the draft was well under way; while there were none of them in the Olszewski government, they appeared in the Suchocka government. The issue was addressed but not completely—hence, obvious gaps in the provisions of the discussed bill.

Errors that were in the process of writing the Small Constitution can teach at least one lesson. Laws that are supposed "to improve the work of the highest agencies of the state," as the preamble to the Constitution puts it, have to be written carefully.

Prof. A. Gwizdz and Dr. St. Krukowski pointed out some of the above-mentioned errors during a discussion of the Small Constitution, which took place at the Law and Administration Department of Warsaw University on 9 November 1992.

* Neighboring Countries Call For Policy Changes

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[Article by Adam Krzeminski and Witold Pawlowski: "Plans on the Map: We Have Seven New Neighbors"]

[Text] A situation unprecedented in history has presented itself to Poland. In the course of less than three years, Poland has changed all of its neighbors without changing its boundaries.

For 40 and more years after the war, we shared borders with three countries; now, it is seven. Those to the south and east divided and diminished and against this background, Poland has grown. Let us look at the map. We were "in the middle" of the Warsaw Pact and CEMA, surrounded by "brotherly countries with the Soviet Union at the head." Today we are at the limits of two Communities: EC and CIS. What will the consequences be?

In our neighborhood, looking at it clockwise, are the "captured remnants of Russia" near the kingdom of the small but aggressive Lithuania; Belarus, somewhat smaller territorially than Poland and still somnolent; and Ukraine, larger than Poland and more populous; then are Slovakia and Czech, looking for their places; and Germany, economically strong but still not oriented in the new situation; considering this neighborhood, we look absolutely imposing. Yes, and to some we are even growing into "a local power of average size," using the anachronistic language of national blimpishness.

Looking at a map of Europe from a somewhat longer perspective, we have no basis for complexes: the countries emerging from the disintegration of Yugoslavia: Slovenia, Croatia, Macedonia, Bosnia and Herzegovina (or rather, three "cantons" that will rise from it) and to our north,

Latvia and Estonia, like Moldavia to the southeast, are, compared to Poland, practically lilliputians.

Many eyes now scan this new map of Europe attentively: from the staff of President-elect Clinton to sellers of toothpaste. We must all learn it and encompass it in our strategy. Poland's "Mittellage" (central location), which has so many times in the last 200 years been our curse, now seems to be not a bad chance. Poland with its advantageous location, considerable market, a 40 million mainly homogeneous population and a workforce that is not badly educated and consistently inexpensive (although not as inexpensive as our eastern neighbors), advanced market reforms and rapidly growing private sector, has unexpectedly many trump cards. Perhaps at last we have those five minutes in history, an opportunity for solidly anchoring ourselves and "becoming normal." And if we miss the bus this time, another chance will not come soon.

In the Middle European race for the image of a modern society, Poland has not had a good position for a long time. Traditionally, we are considered to be "romantic lunatics" who with their resistance "succeeded in drawing the world into a world war or in overthrowing communism," but have not yet found predispositions to other things. Today, however, against a background of Middle and East European chaos, Poland with all its internal slackness, strikes and endless quarrels, seems to be moderately stable. This stability may still be somewhat weak in the knees, but it is there, even if it might be said that this is due not so much to our successes as to others' reverses.

In the eyes of foreign investors (and their optics are the most important), Poland always engenders many fears: laws that are not in order, unresolved property relations, the self-willed power of trade unions, poor infrastructure, the state of the environment. All of this is true; it is also evident that despite very many changes, we will not change the country from one day to the next. But on the scale of intermediate time, our trump cards should outweigh the defects. We are somehow sentenced to success, if we help it along and remain aware of its real scale.

Countries are advertising themselves today like laundry powders, using the same marketing methods. Our attempts to promote Poland are at this time quite dull and ineffective, sometimes, as at the Seville EXPO, simply grotesque, but there is no other solution: we must learn even this and, alas, not spare the cash. Masters in this sphere in our area are the Hungarians. With a bright smile, they speak of their successes, they know how to pick up foreigners and entertain them. We always seem to be infatuated with our calamities and tell everybody, right and left, that nothing is going right for us. Every senseless quarrel is parliamentary; every public complaint goes abroad as if they were public denunciations by "olszewiks" in the states against the president, the government and the state of Polish reforms; every hare-brained decision—even such as excluding foreign capital from casinos despite previous agreements (one should have heard the Swedish and Austrian commentary on this subject)—weakens Polish quotations and is compromising. Repeating these obvious things seems banal, but unfortunately there is reason to repeat them at every step.

From Moscow to Brussels

Over the years, the fate of Poland was decided in Moscow; now in the new geopolitical situation, the fate of our neighborhood—in the east also—is being decided in Brussels, the capital of Eurobureaucrats, and in Strasbourg, the capital of the European Parliament. On the list of Polish priorities, association with the EC should have absolute, strategic primacy. Not because we are "returning to Europe," or because we were always "so western," and "Mediterranean," but because despite all separatisms, wars with Yugoslavia and crises connected with the Maastricht ratification, the goal of our country should be to join the French-German throne of "Carolingian Europe."

If we do not succeed in this, we will find ourselves in a dangerous situation: suspended in a vacuum and again pushed into the orbit of the eastern Community. Perhaps this would not be a tragedy if Russia, democratic and stripped of its hegemonic ambitions, could rapidly reorganize its potential and become competitive for the western Community through an authentic medium of economic and civilizational radiance. It is possible that this may yet happen. But waiting for it in a "state of weightlessness" between the one and the other Community in the hope of playing the role of this proverbial "landbridge" would be a waste of time and a depressing search for a "third way."

Our "westernization" is so far not all that settled. Poland has the right to associative agreement with the EC and to the quite clearly developed multistep program of closer cooperation with the western Community, but this does not specify a definitive goal: full membership. At most, it postpones this prospect to the hazy years of the next century.

Partners from the EC can be easily caught in double-think. On the one hand, they appreciate and encourage, weave distant visions of a united Europe, not divided by a civilizational ditch at either the Oder or the Nysa or the Bug. On the other hand, when the specifics are discussed, they quickly take a drink of water. Jacques Attali, for many years an adviser to President Mitterrand, the chief of EBOR, the European Bank for Reconstruction and Development, likes to repeat reproaches about the "egoism of the 12."

On the occasion of the inauguration, as of 1 January, of the EC common market with (almost) free movement of people, goods and services, a discussion has been renewed about the relatives from the east, poor and with little in common. Moral arguments are expressed: "if they decide against democracy and a market economy, then it will be our fault," "first we encouraged them, now we are pushing them away." What is important is that consciousness is growing that the West will not escape responsibility for the postcommunists, and fragments of the iron curtain will also fall on the West.

"If we do not Brusselize them, they will Balkanize us," warns Attali in *TIME*. Even if the threat of a barbaric civil war at our immediate borders, based on nationalism, seems unlikely, pessimistic scenarios envisage that it will occur in neighboring countries. More realistic is "Balkanization" due not so much to raging nationalisms as to multimillion economic emigration from the east, a state of permanent chaos, Mafia governments, an increase in crime and a transfer to us also of a murderous xenophobia—then Rostock will be everywhere and middle-eastern Europe will enter a state of social war providing only a pretext for erecting a new wall between us and the West.

At present, the dispute in the bosom of the EC—whether to extend the Community (that is to admit new countries)—resolved itself to our advantage. The "Maastricht crisis," particularisms, doubts of public opinion, worries connected with further integration, and the magnitude itself of the work that must be undertaken, all of this evidently postponed the question of new mid-European candidacies. Also, ahead of us in line are the EFTA countries: Austria, Switzerland, Norway and Sweden, who with the EC 12 already form a well-aimed union, the European Economic Area (EEA). And with each instance, the extending Community needs time to absorb and to integrate the new candidates.

Nothing is left for Poland except to uncompromisingly strive to join the club, remembering that the Community is not just a ceremonial meeting at the top, but primarily it is nearly 10,000 mutual specific settlements pertaining to various spheres of life, standardized laws and standards. The more quickly we begin to adopt these, the better it will be, without waiting for the magical "yes." Moreover, the Brussels decision itself, except for the political dimension, will be based on very practical prerequisites: beginning with the degree of inflation and the size of the budget deficit.

Our strategic option at EC demands activity abroad. And not just in Bonn, Paris, Rome or London. Our acceptance into the Community will be decided not by former or present powers, but by poor EC members, like Greece, Ireland and Portugal, which look quite askance at extending the Community with the candidates waiting in line for support. For this reason, paradoxically, our limited options begin with establishing closer diplomatic contacts with those who are actually not our neighbors, but who can veto the qualitative change in our western boundary which stopped being only a Polish-German wound just after the last war.

At present, only the Germans are partisans of a rapid and complete acceptance of Poland, Hungary, Czech Republic and Slovakia into the EC, although even in Germany attitudes are still wavering as to where the EC boundary should lie.

Are the Poles East Germans?

Several years ago, in the unification of Germany, we anticipated chances of the West's moving closer to us. At the same time, we had the impression that the GDR "deprived us of the show," that it, as an existing eastern

bridgehead of the EC, would become the attack base and landbridge for expansion to the former CEMA area. And that Poland will be left to itself. After three years of mutual German experience, it is apparent that things may be otherwise. It is true that we cannot even dream of modernization of the infrastructure such as is taking place in eastern Germany, those mountains of money that were thrown to the eastern lands for modernization of roads and telecommunications are already visible. Meanwhile, it is exactly in the former GDR that attitudes are "vibrating" much more than here. But much water will still flow in the Elbe before the "post-Honecker" establishment succeeds in actually freeing itself of the role of moon-faced "Ossies" and discovers eastern opportunities for itself.

More and more German experts indicate that Poland and Hungary—despite the fact that no one is giving them 200 billion marks annually for modernization—have the psychologically better situation for a solution since, owing to a longer adaptation to market reforms and rank-and-file dismantling of an authoritarian country, they created their own elites capable of individual enterprise.

This is why, for example, the German political analyst, Arnulf Baring, on the one hand evaluates as quite low the potentials of former GDR members for rediscovering themselves in these conditions and those of the Poles as unexpectedly high.

More and more often one can hear from German bureaucrats and entrepreneurs words acknowledging that our bureaucracy, so encumbered and chaotic in some respects, is able nevertheless to cope in goal-line situations.

The Magnificent Seven

Poland as seen by the eyes of its neighbors looks very different.

The Germans still have no time or possibility for a rediscovery of this new neighbor.

From the Czechs also one can hear that triangles and quadrangles are for us only figures on a map. Real interests indicate that for Czechs, in comparison with Germany and Austria, we have no special trump cards. A Prague political analyst said, "Even if we should want to, we will not attain more than in the times of the commune—cooperation between Ursus and Zetor. And we have seen what that is worth."

The prospects have changed somewhat with the disintegration of Czechoslovakia. It is true that the Czechs have been in the German orbit for a hundred years at the end of which they were once a part of the Reich, but today, without the "Slovak tail" (as Premier Vaclav Klaus perceives it), they can use the partner to avoid becoming a "Czech territory." Poland distancing itself from its peasant-noble-romantic madcap stereotype will no doubt approach burgher-democrat standards close to the Czech culture. Our movement to the West after 1945 pushes us into outright cooperation with the Czechs, which was so difficult and distant before the war. The outline of a

German-Czech-Polish Euroregion around the Luzycka Nysa is a part of this new Polish boundary option.

Poland appears different from the perspective of Slovakia. That peasant-Catholic country, poorer than the Czech Republic, is not only closer in language to us, but separated from us by mountains, it does not have to fear "Polish hegemony." One can imagine that Slovaks will also be more likely to look to Vienna rather than Krakow, but in Poland they can find a mediator or support in disputes with Hungary; it may also be that the problems of restructuring the defense industry will also present a certain opportunity for closer contacts. Whether the eyes of the Slovaks will be directed more toward Ukraine, as our premier feared, is another matter. In any case, even here a Slovak-Ukrainian-Polish Euroregion is an opportunity for moving beyond traditional competition or "near ignorance" of our neighbors.

Among our closest partners, the Ukraine still persists in not recognizing its opportunities. Its main problem is not Poland, but its relations with Russia, most urgent in constructing a new identity. Ukraine won the historic conflict with Poland in 1945, not to say 1939, but only now can it resolve who it wants to be in sovereignty. From the perspective of Kiev, Poland has a different specific burden than it does from the perspective of Lvov. It is a sensible neighbor to Zbruch, with the whole burden of history and real experience of being an every-day neighbor. But for establishing good relations, time is required or restraint on our part rather than imposing with "help." It is not difficult to imagine that, like Poland, Ukraine, together with attaining independence, will begin to change its identity, calling not only on its traditional Cossack values and peasant revolts, but entering into the whole of Ukrainian as well as Polish history. If we are not insistent, if we do not impose with our "mission," it may be that in the course of one or two generations much more will truly unite us. Until then, however, Poland must find roots in the EC, and the Ukrainians, in themselves.

Being neighbors with Belarus is perhaps the least well defined. Even today there is no lack of opinions in Russia to what extent the Ukrainian question is resolved, to the same extent, Belarus is an integral part of Russia. Or is it otherwise, will the slightly awakened national sense in Belarus suffice for Belarus to find its own place—if only Minsk and not Moscow were the point of departure—the coming decade will tell us more about this. Also in the case of Belarus, we must not impose in the role of savior. The greatest help that we can give is our stability, development and self-restraint. Our reproaching Belarus for signing more agreements with Russia than with us was not very adroit. Instead of resenting, we should have signed one more.

With Lithuania, it seems that we already have special relations; not because it is the only country with which we have not yet signed a treaty, but, paradoxically, it is precisely with Lithuania that the most clear "community of interests" is developing. Obviously, we are not speaking of any renewal of a union, and the matter of the Polish

minority around Vilno will for some time still cause bad blood rather than unite. But the fact that it was actually Lithuania that the Polish authorities excluded from border restrictions indicates not so much Polish priorities with respect to this neighbor, for example at Ukraine's expense, but it indicates the real potentials for Poland. It would be easier to live with open borders with small Lithuania than with enormous Ukraine.

Finally, the last of our new neighbors: Russia in its Kaliningrad enclave. Was this Koenigsberg oblast a sword of Damocles that Stalin hung over our heads in 1943 (at first the Western allies anticipated including all of eastern Prussia in Poland, although at the same time, they did not think that the western border would be at the Oder and the Luzycka Nysa)? Or perhaps the future Hong Kong: Russian-Polish-Lithuanian-Swedish-German as Countess Donhoff wants? At the moment, it is one great warehouse of demobilized military equipment and of undefined historical resentments.

Today, whoever wants to be a Koenigsberger is one, unmarked cards. President Yeltsin once offered it for settlement to the Volga Germans, but immediately remembered the Poles from Russia; the Germans carry on endless discussions and accuse us of wanting to annex Koenigsberg together with Lithuania (following the unfortunate slip of the functionary from the Polish Ministry of Foreign Affairs). Quite contradictory signals are coming from Koenigsberg itself: on the one hand, they invite us, and on the other, they turn us out: in discussions with the Germans, those Russians ingratiate themselves invoking Peter I and call themselves "Koenigsbergers." But no one has any ideas yet about this fragment of Russia.

Marriageable Girls

History presents us with a great test: we have to form neighborly relations with completely new partners. Besides those who are only searching for their identity, and this quite dramatically, our most stable neighbor is Germany. We are all self-absorbed and we look at each other with apprehension. With apprehension, but without fear. In these uncertain times, this is no small trump card. True, at our borders there are still many tanks, rockets, including nuclear rockets, and military divisions. It is also true that in Moscow more than one Great Russian dreams of a return of empire, as in Lvov or Dresden more than one Ukrainian or German dreams of his country's borders as being somewhat different.

But it is not the shape, but the character of our borders that is our problem today: if they are to be open, to what extent? Today it seems that we have to fight to keep an open border to the west, even at the cost, egoistic, of closing it to the east.

With respect to our eastern neighbors, we must be completely forthright as to the strategic goals of Polish policy and as to the hierarchy of priorities: the eastern policy is neither "re-Polonization" of borderlands nor supporting neighbors against Russia, but a flexible reacting to the

signals that Lithuanians, Ukrainians, Belarusians or Slovaks send us. Obviously, we must take care that trade and economic cooperation expand, we must develop mutual border initiatives.

But we must not lose ourselves. Poland must be anchored in the west and only after that will it be able to play the role of a "landbridge" to the east—not for itself, but for its neighbors, although in its own interest.

[Box, p 14]

Two per Kilometer

Our Border Guard watches a 3409.2 km border. The shortest segment is with Lithuania (102.4 km); the border with Russia (Kalininograd Oblast) is 209.7 km; with Belarus, 407.5 km. With Ukraine we are neighbors along 526.2 km, and with Slovakia, 517.7 km. Our longest border at present is with Czech, 785.7 km and the Germans are our neighbors along 461.6 km. Also included is 398.4 km of sea coast.

Polish borders can be crossed at 43 points along roads, 18 points along railroads, 11 airports, seven ports and four rivers. This is a total of 83 and these are so-called passport points. In addition, there are approximately 100 points for freight and for so-called small borderland movement (for example, for farmers that have fields or meadows on the other side of the border). The greatest number of passport points is with Germany, 22; with Czech Republic, 13; with Slovakia, Ukraine and Belarus, eight each. The fewest with Russia and Lithuania, three each.

As late as 1990, the borders were protected by 20,000 soldiers of the Border Guard Troops; of these, only 400 were stationed along the border with the USSR. Since 1991, we have a Border Guard of a police type whose personnel status the present command did not want to reveal to us. The former chief commandant, Border Guard Colonel M. Lisiecki, remembered that it was 13,500-14,000 regulars, and a Ministry of Internal Affairs document of August 1991, mentions 7,750 functionaries and professional soldiers and 2,650 civil servants. In other words, depending on this, a kilometer of our border is "guarded" by 1 to four guards.

[Box, p 14]

The Third Army

If the budget of Ministry of National Defense is robbed further, then shortly we will be defended only by the prayers of chaplains.

Today, the Polish army numbers 281,000 soldiers. According to the CFE Treaty, by 17 November, 1995, our conventional forces will be limited to 234,000 soldiers. The Polish army has 2,850 tanks, 2,396 armored vehicles, 2,315 artillery pieces with caliber greater than 100 mm, 507 fighter planes and 30 helicopters (according to data as of October 1992). By 1995, we must dispose of 1,120

tanks, 246 armored vehicles, 705 artillery pieces and 47 planes. At the same time, we can increase the number of helicopters by 130.

And what do our neighbors have?

Russia

In Europe, there are 1,536,000 Russian soldiers (data from November 1992). In East Germany, there are 117,000; in Poland, 6,000; and in Lithuania, Estonia and Latvia, 57,000. It is estimated that in Kaliningrad Oblast alone there are approximately 200,000 soldiers. Russia has 10,604 tanks (the CFE limit is 6,400). It also has 4,100 planes (3,500 limit) and 1,035 helicopters (890). Added to this are nuclear weapons and a strong navy. The Baltic fleet alone numbers approximately 260 vessels.

Lithuania

Actually, Lithuania is only creating its own defense forces which will number 10,000-15,000 soldiers. Lithuania continues to host approximately 15,000 Russian soldiers. They are scheduled to leave on 31 August 1993.

Belarus

The Belarus Military District has approximately 160,000 soldiers of which one-quarter is under Moscow's direct command. The CFE limit for Belarus is 100,000 soldiers, 1,800 tanks, 260 planes and 80 helicopters. Today these limits are substantially exceeded. Nuclear arms are still stationed in Belarus.

Ukraine

This country has a 230,000-man army and an equal number of Russian soldiers. By 1995, under joint command of Russia and the Ukraine, there will be a Black Sea fleet. The CFE treaty allows Ukraine 450,000 of its own soldiers, 4,000 tanks, 1,090 planes and 330 helicopters. Nuclear arms are also stationed there. Ukraine took over 21 strategic bombers.

Slovakia and Czech Republic

These two new countries must be considered together. In 1992, Czechoslovakia has a 145,000-man army. The CFE limit is smaller by only 5,000. In 1995, the two countries can have 1,400 tanks, 345 planes and 130 helicopters. Roughly speaking, we may assume that one-third of this limit will go to Slovakia and the rest will be Czech.

Germany

Germany has inherited 2,274 tanks and more than 450 planes and helicopters from GDR. This inheritance will be liquidated or sold. Meanwhile, today the FRG army numbers 412,000 soldiers (345,000 limit). In 1995, it will be allowed 4,166 tanks, 900 planes, and 306 helicopters.

If the Polish army were adequately modernized and financed, it would be the third-ranked army in this part of Europe.

[Box, p 15]

Our Neighbors

Russia

Russian Federation (the official name in Polish) - Rossijskaya Fiedieracija (its own name) Area - 17,075,400 km²
Population - 148 million (1990)

On 12 June, 1990, the Congress of People's Deputies of the USSR adopted a declaration of sovereignty and on 25 December 1991, the Supreme Soviet adopted a resolution changing the name of the country to Russian Federation.

The head of the country is President Boris Yeltsin.

Approximately 100 nationalities live in Russia and approximately 80 percent of the citizens are Russians.

The Kaliningrad Oblast, which shares a border with Poland, is a Russian enclave. The area of this oblast is 15,000 km², and the population numbers approximately 900,000 (not counting the army).

Lithuania

Lithuanian Republic - Lietuvos Republika Area - 65,200 km²
Population - 3.75 million (1991)

On 11 March, 1990, the Supreme Council of the Lithuanian Republic adopted an act, "On Restoring Independence to the Lithuanian Country."

The leader of the country is Algirdas Brazauskas, the present chief of the parliament, nominated as a candidate in the presidential elections that will take place on 14 February 1993.

In Lithuania, 80 percent of the citizens are Lithuanians, 9 percent are Russians and 8 percent, Poles (approximately 300,000).

Belarus

Belarus Republic - Respublika Belarus Area - 207,600 km²
Population - 10.26 million (1990)

On 25 August, 1991, a law was adopted on the independence of the republic.

The head of the country is the president of the Supreme Council, Stanislaw Szuszkiewicz.

In the Republic, 81 percent of the people are Belarusians, 10 percent are Russians and 4 percent are Poles. Some say that there are approximately 500,000 Poles but only 13 percent of these consider Polish to be their native language.

Ukraine

Ukraine - Ukraina Area - 603,700 km²
Population - 51.84 million (1990)

On 1 December 1991, the Act of Independence was adopted by referendum.

The head of the country is the president of the Supreme Council, Leonid Krawczuk.

In the Republic, 73 percent of the residents are Ukrainians, 22 percent are Russians and 5 percent are other nationalities, including approximately 250,000 Poles of whom only 14 percent consider Polish to be their native language.

Slovakia

Slovak Republic - Slovencka Republika Area - 49,039 km²
Population - 5.27 million (1991)

It is a separate country since 1 January 1993. The leader of the country is Premier Vladimir Mecziar.

In the Republic, 85.6 percent of the inhabitants are Slovaks and 10.8 percent, Hungarians. Depending on the source of information, in Slovakia there are also 1.5-7 percent Gypsies and approximately 3,000 Poles.

Czech Republic

Czech Republic - Ceska Republika Area - 78,864 km²
Population - 10.3 million (1991)

It is a separate country since 1 January 1993. The leader of the country is Premier Vaclav Klaus.

In the Republic, 81 percent of the citizens are Czech, 13.2 percent are Moravian, 3.0 percent are Slovak, and 0.6 percent are Poles (approximately 60,000).

Germany

Federal Republic of Germany - Bundesrepublik Deutschland Area - 357,041 km²
Population - 79.67 million (1990)

The reunification treaty became effective on 3 October 1990, German Reunification Day.

The head of the country is President Richard von Weizsaecker and the chancellor is Helmut Kohl.

* Chief of Office of State Protection Interviewed

93EP0126A Warsaw POLSKA ZBROJNA in Polish 15 Dec 92 p 3

[Interview with Prof. Jerzy Konieczny, chief of the Office of State Protection, by Robert Kowal; place and date not given: "The Dangers Are Still the Same"]

[Excerpts] [Kowal] In your present incarnation, which do you feel you are—a dispassionate bureaucrat or a politician in a government position, who is involved in various games?

[Konieczny] A politician? By no means. I am a bureaucrat and, strictly speaking, a civil servant, who is taking advantage of the privilege of operating outside any political structures.

[Kowal] Are you really so convinced as to the apolitical nature of UOP [Office of State Protection]?

[Konieczny] I would very much like it to be that way, and, from my viewpoint, UOP really is apolitical.

[Kowal] There are several ideas about removing UOP from the structure of the MSW [Ministry of Internal Affairs]. Some of these notions differ in a fundamental way from the draft revision the ministry has presented of the law on the MSW. What is your notion of reform, and from what models do you think it ought to be derived?

[Konieczny] The concept of the reform as the ministry proposed, once the president and the MSW Political Advisory Committee had expressed their opinions, was obsolete. Another reason for its suspension was the fact that there are no constitutional solutions. The question of UOP's political subordination to either the president or the chairman of the Council of Ministers will depend on the measures adopted for the political system. One thing is certain: The UOP structure should be optimized.

If we are talking about models, I do not want to single out any particular one. There are many potential solutions, but I doubt it would be a good idea to enact them in Poland without adapting them to our national conditions. A new system interests me only in terms of its functionality, and it is solely from this point of view that I take on this problem.

[Kowal] No right-thinking person questions the need for parliamentary oversight over the special services, but should as many as several hundred people in office for a term have access to top secret information?

[Konieczny] Oversight should not mean informing members of parliament of all information of importance to national security, although I admit that, in a certain sphere, perhaps in budgetary matters, this would be a good idea.

I think the operation of the special forces should be handled by a specially appointed group of deputies and senators who, by understanding the specific nature of our work, could monitor our profits and losses. Because the commission would discuss these matters more openly than would be possible in the public forum, potential misunderstandings arising over UOP's operation would also be clarified.

A deputy who is not on the commission could raise a question without needing to know the specific details of our work, and, before any answer was given, it would be that group that would handle the matter and explain the essence of the problem to the deputy. I think that members of the special commission should be checked the same way they are in the Bundestag.

[Kowal] To what extent does Minister Milczanowski become involved in your independent decisions and in your daily UOP work? The law leaves some leeway in interpretation, with a reference simply to "general oversight."

[Konieczny] It is a question of working style. The minister has given me far-reaching independence, although, at the

same time, he is tremendously demanding. Working with Minister Milczanowski is nothing new to me, so, when I am authorized to only formulate some sort of measures for the security of information, I judge our cooperation to be very good. At any rate, there are no tensions between us.

[Kowal] How many times a day do you pick up the telephone to receive instructions from your boss?

[Konieczny] Recommendations, not instructions. Very often on concrete issues.

[Kowal] How many people have been removed from UOP for disciplinary reasons since August 1990? How often do you find on your desk civilian complaints for illegal actions committed by your subordinates?

[Konieczny] I can assure you that there are few complaints. Since UOP came into being, there have been barely over a dozen, and those have usually been complaints from people who were treated unfairly at the time the SB [Security Service] was in operation. During the same period, there have been no more than 10 disciplinary discharges, including of two officers removed for offenses they committed prior to 1990. Of course, there have been far more disciplinary actions that did not result in discharge.

If I may give an assessment of the service I head. I would say that the level of discipline in UOP, though not ideal, is very good, but I realize that there are units, like the police, for example, whose work involves greater temptations than ours does.

[Kowal] Has anyone calculated the financial benefits that have accrued to the state from UOP's operations?

[Konieczny] I have the figures available and will soon be going to see the prime minister with them in hand. I am sorry, but the chief of state comes before POLSKA ZBROJNA. I promise, however, that it is a great deal of money.

[Kowal] I do not think the regulations governing you are clear enough in specifying the jurisdiction of UOP, the police, and the Military Information Services [WSI]. Is there some sort of system to coordinate operations, something that would prevent having you all doing the same thing?

[Konieczny] There is no fixed arrangement you could call a system, but, in practice, the chief commandant of the police, the head of WSI, and I frequently share information with one another, and there is a similar arrangement at lower levels of administration. These matters within the ministry are regulated by the minister's ordinances. There are no disputes over jurisdiction, although I admit that some misunderstandings do occur. Facing the same issue, however, we soon come to an agreement as to how to coordinate operations.

For a professional, there is no problem in accurately assessing the situation. This partnership between us does not preclude the necessity of having the system regulated by law, and I know that work on this is now in process.

The UOP leadership used to impose severe restrictions and limited contacts between UOP and WSI to a minimum. Piotr Naimska forbade any contact between functionaries and military representatives. He reserved all such contact exclusively to himself, but the situation forced UOP personnel to go against this order, and contacts continued, although they were "illegal." One of my first decisions was to cancel this prohibition.

[Kowal] A report published at the beginning of 1991 on the state of the nation talked a great deal about our country's penetration by foreign agents. Today would you give authors of a new report similar information? Is access to state secrets in our country as easy today as it was two years ago?

[Konieczny] I continue to think that it is wrong to protect state secrets. I think that, when we are seeking reasons for this situation, we should also consider the way our society reacted in the former period, when it was commonplace to keep even the most trivial information secret. This does not alter the fact that this practice is harmful to all of us and to the state.

Alongside the new secrecy law, we have to instill a pro-state, civic attitude in society and impart at all job levels the skill to recognize reasons of state. UOP notices instances of neglect and provides certain bodies with information about them. It is also offering pertinent training for employees of appropriate institutions. Unfortunately, we have not had as many responses to our proposals as we would like to have had.

Generally speaking, the dangers have not changed much over the past years.

[Kowal] Does this mean that foreign intelligence services still feel at home in our country?

[Konieczny] No. During the past period, our operative structure has improved, and foreign agent penetration has been greatly reduced. Our counterintelligence operations have become increasingly effective.

[Kowal] What sort of public service candidates is UOP checking out, and what sort of results have you achieved? What sort of social organizations and parties are subject to your operations and supervision?

[Konieczny] Only candidates for UOP service are subject to compulsory security checks. We can run a security check on specific individuals, when people who are constitutionally responsible for state security, such as the president, the prime minister, and the internal affairs minister, ask us to do so. I assure you that we do not monitor any legal social organizations or parties. Our jurisdiction in this area is limited to using information coming from what is called "white intelligence" [open sources].

[Kowal] But some political opponents accuse you of maintaining surveillance over them.

[Konieczny] That is not true. We do not conduct any operations involving political figures, and this restraint stems from the role and tasks of UOP rather than because there is no need.

[Kowal] When Milczanowski was in charge of the MSW, much was said about the unfortunate results for our intelligence service due to the implementation of the lustration law by his predecessor [Macierewicz]. How long will it take us to build up our intelligence network abroad?

[Konieczny] At the time, the losses appeared substantial and to some extent also encompassed our counterintelligence, but we moved immediately to counteract the adverse effects of the implementation of the scrutiny law, and I can now say that our intelligence is operating at the same level of efficiency as it did before.

[Kowal] Has anyone calculated the possible consequence of having a decommunization law enacted in UOP?

[Konieczny] Such calculations have been made, and I have to tell you that the figures are dramatic. Because more than 60 percent of the operatives now working in UOP have served in the Security Service at one time or another, the execution of any variant of the scrutiny law will lead to the total collapse of the Polish special services. We informed the Sejm of this danger, and I hope that the news of a potential collapse reached the deputies. [passage omitted]

[Kowal] In which direction do you think legal procedures should go to give UOP greater operating capacity? When UOP was created in the middle of 1990, the legislative branch was very careful to see that there would be no temptations of the sort to which the long-remembered SB succumbed.

[Konieczny] Actually, the recognition of pathological areas is making things difficult for us because of restrictions that limit our ability to use operational technology, such as listening devices. Up until now, we have been able to use them only in rare cases, such as attempts to overthrow the government or to take a part of the country by force. Draft regulations have been drawn up in UOP in an effort to obtain legal authorization to use such technology both in work on cases where grave economic crimes are being committed and in narcotics production and smuggling cases. On the other hand, there would not be any change in the procedures for gaining approval to use installed listening devices.

I am also an advocate of including in criminal law the institution of the prosecution witness and undercover drug buying. We have noted that merely bringing the subject up in public has clearly had a therapeutic effect.

[Kowal] After their professional careers have ended, the heads of Western intelligence agencies often become involved in political life and have spectacular success, as President Bush and Dulles before him prove. Do you intend to engage in politics in the future?

[Konieczny] I have never had political ambitions. At the end of my work in UOP, I intend to return to my earlier occupation—that is, scientific pursuits at the university.

[Kowal] You really are going to have very rich knowledge. Thank you for the interview.

* Immigration Regulations, Practices Lax

93EP0133B Warsaw RZECZPOSPOLITA
(EVERYDAY LAW supplement) in Polish 14 Dec 92 p 1

[Article by Danuta Frey: "Heaven's Waiting Room"]

[Text] "More and more European countries resemble fortresses under siege by foreigners. I have no doubt that the European heaven will be less and less accessible to foreigners as a result of growing intolerance, as well as social and financial problems." This is the opinion of Krzysztof Lewandowski, chief of the Office of the Minister of Internal Affairs' Plenipotentiary for Refugees.

Today Poland for many is something like heaven's waiting room. It is nothing more than a transit stop on their journey—often illegal—to Germany, Sweden, and France, and later to the United States, Canada, or South Africa. However, most of those countries long ago adopted restrictive immigration policies, having prescribed strict rules and so-called immigration quotas. They will soon be joined by Germany, which has the most liberal asylum law by far. The German ruling parties and the SPD [Social Democratic Party of Germany] have reached a compromise on the issue of granting asylum. Having to choose—either to change the whole system of domestic law or to push this problem outside—the Germans have chosen the latter.

To be sure, it is only an agreement between political parties so far. However, when this new concept (sending the asylum seekers away to the third countries) takes the form of law, it is Poland that will be mostly burdened with the problem. Even though Germany has declared its willingness to render all legal and financial assistance in solving the refugee problem, this help may be only the icing on the cake of burden.

A great migration of nations, including an enormous migration of Gypsies, has been taking place in Europe since the beginning of the 1990's. The nations of the former Soviet Union have begun to hit the road as well. When the doors to the Western "heaven" are shut for good and Germany starts sending the asylum seekers away, how many of them will decide to stay in "the waiting room to heaven"?

"Estimates of the number of potential refugees may vary, but we have to be ready for the worst case scenario. We have to work out in advance a system of dealing with this problem instead of waiting until we are inundated with thousands of refugees," says Krzysztof Lewandowski. "As of now, we are lacking such a system."

The law that regulates the granting of asylum in Poland, contained in the Constitution and the amended 1962 bill on foreigners, is dead, unapplicable. Only the 1951 Geneva Convention, ratified by Poland in September 1991, defines the refugee status. But this is not accompanied by the Polish domestic regulations, if one does not count the mere mentioning of this matter in the bill on foreigners. As a result, Polish law does not even envision so-called temporary refugee status, widely applied nowadays in Western

Europe toward refugees from Bosnia-Herzegovina. An executive decree of the ministers of internal affairs and foreign affairs, which is supposed to beef up the bill on foreigners, has been in the making for a long time, and it is not known when it will go into effect. The bill itself, although amended many times, cannot address the everyday reality. Entirely new legislation is needed.

Formally, Poland has granted refugee status to approximately 300 persons. Most of them have problems with integration into Polish society. According to the Geneva Convention, the refugees are supposed to be treated "as favorably as possible"—neither better nor worse than citizens of the host country. However, can they expect to find jobs in Poland if the Poles themselves do not have them? How will Polish society accept a decision to build houses or whole settlements for refugees (even if this project were to be financed by other countries), not to mention the prospect of establishing ghettos for foreigners in this way?

The waiting period for the decision to obtain refugee status may last from a few days to several months. Even if only some of the would-be asylum seekers sent back by Germany or caught at the border were to apply for refugee status, how would Poland pay for their food and housing (if nothing else) during that waiting period?

To be sure, Poland and Germany signed a so-called readmission agreement and made relevant arrangements. A similar agreement was signed by Poland and the so-called Schengen group in April 1992. But to what extent is Poland bound by these agreements if the people in question are not Polish citizens? One can expect that this issue will be one of the topics discussed during the impending visit to Poland of the German minister of justice.

There is also another problem—the deportation of those foreigners who have not applied for refugee status or have been denied it, but remain illegally on Polish territory. No one is able to estimate the number of foreigners who live legally and illegally in Poland. On the other hand, more and more often, their presence is perceived as a threat to Polish citizens. If Poland tries to "seal" its borders by introducing visa requirements, other countries will certainly retaliate in kind. Therefore, we have to carefully assess whether such a move would be advantageous to Poland after all. Another option is to introduce a strict system of invitations, which may be not 100-percent proof but is at least less controversial than visa requirements. Still another possibility is to let in only those people who can come up with cash deposits, to cover the cost of sending them home if they are denied refugee status.

Neither Czechoslovakia nor Hungary has permitted the transit of trains with the Romanian citizens deported from Poland and escorted by the Polish police. Poland cannot afford the airline tickets for those deportees. It would probably be more efficient to charter planes for the whole group of deportees gathered in so-called deportation centers. However, the Constitutional Tribunal has agreed with the ombudsman and ruled that only the court, not the state administration, may put someone in such a center. Well,

the court proceedings are lengthy and intricate, not to mention the fact that most of the would-be deportees conveniently "lose" all of the necessary documents in the process.

It is clear that what is needed is a well-developed system that would tackle immigration problems, coordinate the actions of various ministers, and be prepared for all possibilities. In other words, just as other countries, Poland has to have its own immigration policy—that is, regulations, modus operandi, and agencies responsible for implementing this policy.

* Economists Expect Recession in 1993

93EP0145A Warsaw TYGODNIK SOLIDARNOSC in Polish No 1, 1 Jan 93 pp 1, 3

[Statements by Deputy Finance Minister Wojciech Misiag, Sejm deputy from Labor Ryszard Bugaj, and professors Jan Mujzel and Stefan Kurowski, compiled by Alicja Dolowska and Marcin Dziurda: "What Kind of Year Will 1993 Be?"]

[Text]

*Grant us, good Lord,
For the coming times
As much wisdom
As the sea holds water.
Let love renew our hearts
The world over.
Then the time of Solidarity
Will come in peace and plenty.*

—Stefan Aleksandrowicz

Wojciech Misiag, deputy finance minister: "It cannot be worse."

For the average citizen, the coming year will not be very different from this year. It may be only that everything will become more stable. To the extent that while in 1990 it was difficult still to foresee many solutions, now the economy is functioning in a way that is much more orderly, we are less afraid of some kind of violent setback, and there are signs that slowly everything is beginning to rise to the top. But still very slowly.

Obviously, we would like to have more in our pockets than the economy allows. From the time I began work in the ministry, social impatience has always accompanied me. And this itself has hurt us a few times. We have lived on credit and we continue to live on credit.

As to the area of the budget and retirees, I believe that there will be no revelations and there will be no tragedy; we will succeed in maintaining a realistic level of these payments, a more or less simple valorization. Retirees will receive a little less, but we have nothing to draw on to pay them more. I am almost afraid to say so because truth is not popular, but here differentiations in levels of citizens' income is advantageous for retirees in comparison with what it is in the world, in countries with a level of wealth equal to ours.

One enormous threat exists: If we fund our budget on credit due to social pressures, everything may collapse.

If we succeed in withstanding all the inconveniences of 1993, a base will be created for better times later. Our inflation is still very high and it will not be damped within the year, although we would want that very much. Stemming inflation is a necessary condition for the economy to begin to work well. But stemming inflation is nothing other than stemming the budget deficit. And that is connected with the continuous need for social patience, and this becomes harder and harder.

In enterprises there was grumbling about bonuses and dividends, that personnel were being deprived of income. Much less money from this source will flow into the budget in 1993; this will give the plants a chance to catch their breath, and there is hope that in a year or two they will do better. But bonuses will not be given up entirely despite pressure from the unions. It is the productive sphere that earns money for the nonproductive: for health services, education, pensions. These are obligations that cannot be treated separately. Certain restraints must remain for the enterprises, for there are directors who understand that increases in wages can ruin plants, but there are also others who do not understand this. And one cannot consent to this and say, let them do what they want, and pensions and wages in the budget sphere will cope with the others.

We allotted a certain sum in the budget for the restructuring of industry, agriculture, and transport in order to support them to the extent that we could contribute to these structures. We always have to make choices. We propose to maintain the budget at a level which unfortunately satisfies no one, but in order to support the productive sector financially since it is this sector that earns for those that are not productive. If it is adequately supported financially, in the future it will ensure greater means for that other sphere as well.

Budget income during the coming year will be more or less the same as in 1992, but with a completely different structure since the tax structure has changed. At this time, turnover tax and personal income tax bring in more than 60 percent of the budget income. If this income is somewhat short, then either expenditures will be cut or greater income has to be obtained. There is a third method: trying to improve collecting what is due.

If we have 30 billion zlotys in tax arrears due today, it means that the Treasury Department is not effective enough in its operation. Some trade activity and small services are still getting away. For this reason, the treasury apparatus and tax departments must be equipped to do their job better.

Of course, the banking system has to be improved; it reacts a bit too protectively, but in a situation with 40-percent inflation, it is difficult for it to be normal.

The business of the budget is first of all to look for and find income so that it could be used later for expenditures. Deposits must be made first, then withdrawals. In the same way, we must first invest considerable sums in

agriculture and modernization of industrial production since these actions will later bear interest and will affect the entire economy.

Obviously, there is the question of the greatly neglected heavy industry sectors, which cannot manage without government intervention. Neither mining nor the defense industry will solve their problems alone. A firm contract is needed since this is tied to the specified course of restructuring and will not have immediate effects.

Summarizing, 1993 may not be better, but it cannot be worse. Everything depends on whether we will be able to agree and understand.

Professor Stefan Kurowski: "A statistical illusion."

Since April of the past year, production is higher than in the same period of the previous year. This phenomenon is very surprising since there is no explanation for it in the actual indicators for this state of affairs.

Ultimate demand on the national market is decreasing as a result of a drop in real income (and those whose income increased are not directing their demands to the national market). Unemployment is growing; demand is again decreasing. The restrictive bank policy causes a drop in granting of credits as well as in requests for credit. Neither can export effect a revitalization since, of necessity, enterprises usually export at low prices.

A likely explanation of this contradiction is the hypothesis that more was sold than was produced, that indicators of increase in production pertain actually to production sold. And this is increasing as a result of commercialization and division of enterprises. Goods that were at one time conveyed noncommercially are sold today. We should, therefore, expect that this statistical "industrial boom" will not last long. The potentials of further commercialization will soon be exhausted.

Many factors will counteract economic recovery. "Monetary-credit policy assumptions" anticipate a further drop in the granting of credits. The supply of ready cash should actually rise by 3.6 percent, but the rate of turnover will decrease by 3.4 percent. This means that the money supply will remain essentially unchanged. Real wages will be frozen and real rents and pensions will decrease. Farmers' income will also drop (result of the drought). Therefore purchasing power will drop.

There is no reason to count on growth in investment. State enterprises do not have funds for this and if they gain any funds as a result of a decrease in dividends and a decrease in "bonuses," it is doubtful that they will invest such funds. Private enterprises also are extremely careful in making investments due to the high interest rates on credit. A budget with a deficit decrease of 5 percent will have not only no means for investment, but none even for current expenses. Most likely it will have to be amended again. By the end of 1993, the exchange rate of the dollar will probably drop by about 5.5 percent, and this will decrease the profitability of Polish export. Difficulties in exploiting foreign credits will probably continue.

This prognosis is based on official plans of the government (with the correction pertaining to increase in production as being a statistical illusion). It follows that production of goods will not increase, unemployment will increase, real income will decrease, and the situation of the enterprises will remain bad.

But we must remember that pauperization of the people can call forth strikes or even riots. Plants on the brink of bankruptcy can go bankrupt and those in better circumstances may be bought out by foreign investors. As a result of limiting the flow of money, "internal barter" or natural exchange may become attractive. This dark scenario is not an impossibility.

Why are things so bad or perhaps even worse? Today's system has no mechanism for self-correction. A real market economy would have reacted to the continuing recession. A real democracy would have created opposition that would be able to make the necessary corrections. Only political changes can create a chance for improving the bad economic situation in Poland.

Ryszard Bugaj, deputy: "Much may change."

I am afraid that this year will be no better than the last. Obviously, any hypothesis can be formulated only on the basis of trends that can actually be observed in the economy. There can always be events that will require revision of all predictions. But based on data available today, I doubt that production growth will be maintained in the coming year. To me, government predictions seem somewhat optimistic.

No sufficiently strong incentives are evident that would be a basis for a stable economic recovery from the recession. I have the impression that we may find ourselves in a situation in which production will rise and fall again. Economic indicators will oscillate around a steady, very low level.

I anticipate the greatest threat from two related phenomena. The first is the dramatic financial situation of the enterprises. I do not believe that the law on "clearing of debts" can change very much here. I fear most the failure of large enterprises. In industry, the scenario may be repeated that was realized by the state farms. In this case, however, the losses would be comparatively more severe.

Another danger is related to the budget. I am not convinced that the government has the right to try to reduce the budget deficit from 8 to 5 percent within one year. This may lead to a drop in global demand, and in effect will vitiate any kind of revitalization of the economy and bring about a significant increase in unemployment. I am afraid also that budget cuts will lead to social pressures that might destabilize the country.

The government anticipates a further drop in real income during the next year. I believe that at this time a policy should not be implemented intended to decrease income. We must just avoid the possibility of an excessive, unfounded increase in wages.

If nothing unforeseen happens, inflation should remain at a level similar to that of the past year. I do not see the possibility of its significant limitation, but neither is a rapid rise likely.

I am skeptical of the prime minister's prediction of a doubling of national income over a 10-year period. This is not realistic as long as the present economic policy continues. Obviously, much can change even in the next year as a result of mass social protest. It is uncertain how long people will tolerate the present situation.

Prof. Jan Mujzel: "I look with hope."

I am deeply convinced that the coming year can be better. There is a chance that the three past years, years that were difficult and demanded such great sacrifices, will not be wasted. But even if improvement is already evident, all of what we have attained in the economy is still uncertain and threatened. It is also possible that 1993 will be a time in which the three-year gains will be lost.

If political pressures force irresponsible, populist actions, which could happen easily, the economy, somewhat unstable already, may fall into ruin. It is true that during three years this economy attained a certain autonomy with respect to politics, but we cannot yet speak of complete autonomy. Market mechanisms, changes in property ownership and system restructuring, which have been partially effected and are being effected in many sectors, ensured a certain resistance of the economy to political influence. This is good because we observe many manifestations of the political irresponsibility of elites who sit in parliament and in the government. In the name of winning various immediate political advantages, these elites very often lose their sense of responsibility toward society.

Whether in the coming year Poles will do well depends on many factors: it is not easy to predict today. We can see clearly, however, that the human factor, "human capital" as the Americans say, will be decisive, and the future will unfold depending on whether people in Poland will have conditions created to free their energy, enterprise, and talents in the area of economics. In evaluating economic decisions, particularly crucial, it seems to me, is how these regulations will affect human initiative or remove barriers and liberate hope.

Very much has been done in the course of those three years to awaken human initiative, and this fact generates optimism. Three years ago we still had to contend with a classical blocking of human inventiveness, deep frustration, and lack of faith in our ability to change anything. But things were changed: In tens, hundreds of thousands of private firms, and even in state enterprises, initiatives are being undertaken, efforts that serve transformation; this is the result of all of the systemic changes introduced over three years. But to overcome the recession and place the economy on the road to growth, we must intensify this process and at the same time avoid anything that might harm initiative.

For this reason, the political sphere of Polish life is a source of uneasiness. Therein lie potential sources of blockades, and their consequences, threats to what has been accomplished thus far. And there is no way to develop a market economy without stable rules of the game.

The first indicators of overcoming the recession, although the average citizen is not aware of them, have already been noted. For the first time in two and a half years there was a growth in production in industry and in construction. If the process of organizational transformation is not inhibited, but is, on the contrary, intensified, then in 1993 we may attain a significant increase in national income. I believe that this is possible. Although today inflation is still high, the budget is full of holes, the changes are a bit slow—and deprive many people of hope. I choose to be optimistic.

* UD Expert on Need To Reduce Public Debt

93EP0132A *Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement)* in Polish 16 Dec 92 p III

[Article by Waldemar Kuczynski, former minister of privatization in Tadeusz Mazowiecki's government and the Democratic Union's economic expert: "1993 Budget: Deficit Must Be Reduced"]

[Text] The draft budget has been sent to committee, following a stormy debate in the Sejm. Unfortunately, the Sejm rejected the government request to reduce the retirement and pension revaluation index from 100 to 91 percent of the base upon which the valuation will be based.

The Sejm commissions are therefore facing a dramatic choice: whether to increase the deficit by at least the amount of the increased pension and retirement expenditures—appetites for increases are even greater—or to keep the deficit within set limits either by cutting expenditures even more or by finding additional budget revenues. This is a dramatic choice. It seems from the statements made during the debates that many of the deputies either do not realize what is happening or do not want to know.

Antirecessionary Budget

The basic feature of the 1993 budget is a real decline of about one-third in the deficit. This is the chief goal of budget policy, and, in terms of the great impact of budget phenomena on the economic situation, it is in essence the chief goal of economic policy in the coming year. This is the right goal, and it needs to be resolutely defended.

The budget was created for the purpose of being carried out. It is only through ignorance or extreme irresponsibility that it can be decimated, as it was in the Sejm. To reduce the deficit is an appropriate goal, because it is the only course that provides any chances for further reducing inflation, thereby reducing the price of credit, thereby improving investment profitability, thereby maintaining and increasing growth, thereby slowing the increase in unemployment. In our situation, reducing the budget deficit is the main instrument of antirecessionary policy.

To maintain this policy, and even more to increase it, would be a devastating blow to the positive economic signs that can be found only in Poland and in no other postcommunist country. Production will not increase much over 1991, perhaps 2 or 3 percent, but during individual months of the year, growth picked up, and production in November 1992 surpassed that of November 1991 by about 13 percent. Now, we face the real danger today that it will be none other than the Sejm that cripples the forward-moving economy. Keep that in mind. Gentlemen of the Sejm!

Poland cannot afford to live with a budget deficit, at least not with a deficit as high as it has been, that is, 7 percent of the GNP. We cannot afford such a deficit, mainly because we are near the top of the world list of countries with the heaviest burden of debt, and each year's deficit increases that burden of debt.

The Costs of Public Debt

The state's indebtedness is expressed as "the public debt." Last year it was about 1,003 trillion zlotys [Z] (\$66 billion, about 16 billion of which is national debt and about \$50 billion, foreign debt). Domestic national debt consists of the state budget's debt owed to the Polish National Bank (NBP), commercial banks, and the population, mainly in the form of bonds and treasury notes. Foreign debt consists of unrepaid credit plus interest. This credit originated for the most part during the time of Gierek.

This tremendous burden of debt creates circumstances typical of countries with severe deficits that dramatically limit the field for any economic policy maneuvering. No responsible economist or politician can forget about these confines, which are extremely difficult to elude.

High public debt has the direct consequence of the costs of servicing it, that is, repayment installments plus interest. These costs are state budget outlays and are like a levy on today's taxpayers for money that was spent yesterday. The sum is already very large and is rapidly increasing. In 1992, the costs of servicing the public debt was 31 trillion, or 8 percent of budget outlays, but in 1993, it will be 55.3 trillion, or nearly 11 percent of budget outlays. The share of the service on the internal debt, which came into being as the very result of the state budget deficit, is increasing at a particularly rapid rate. In 1992 it took Z19 trillion, or 5 percent of budget outlays, but in 1993 it will take Z39 trillion, or more than 7.5 percent of the budget. There is the risk of having this percentage increase rapidly, with each successive year of deficit.

When we note that the costs of servicing the domestic debt are far higher than the costs of servicing a far larger foreign debt (Z39 trillion on the Z239-trillion domestic debt compared to Z16 trillion on the Z764-trillion foreign debt), we may jump to the conclusion that incurring debt abroad has been far cheaper, but that conclusion would be a false one. Here we come across another circumstance that makes the debt problem more serious than it appears in the budget accounting. Poland is servicing its debt mainly to the countries of the Paris Club, and the costs of

this debt service will increase. On the other hand, we are paying off only a very small proportion of the debt that remains. The debt is therefore increasing. Sooner or later, even if part of that debt is amortized by commercial banks in the London Club, we will have to begin service on the rest, thereby increasing budget expenditures.

Two Cuckoo Eggs in the Nest

Our public finance situation is therefore reminiscent of the situation of the bird's nest with two cuckoo eggs in it; once the chicks hatch, a drama involving the other residents develops. If the service of the joint public debt, especially the part that inflates the budget deficit, increases, then a smaller and smaller share of budget outlays can be allocated to maintain the budget-financed sphere, to put into social expenditures, and to encourage economic development.

Because outlays for these purposes cannot be reduced indefinitely, there will be greater pressure to increase the budget deficit. There is, therefore, the risk of setting up a vicious cycle involving a spiraling public debt and a spiraling deficit. Sooner or later, this sequence is bound to bring about a far more brutal destruction of budget outlays than the reductions being proposed today. If members of parliament are lacking even minimum imagination to notice this very danger, which, let me add, is not far off, then this defect of theirs will lead to catastrophe, in terms both of certain population groups and of the development of entrepreneurship. This is strange and sad.

There is another reason why Poland cannot live with a budget deficit, a reason related to the high level of indebtedness. A budget deficit, that is, spending more money than is taken in, must be somehow covered. Because we are a country with a heavy debt burden, we cannot be considered an attractive credit customer. Therefore, we cannot finance living with a deficit on a grand scale or for a long period of time by incurring more foreign credit or by selling Polish Government bonds abroad, although such a method of financing makes it possible, at the cost of an increased burden of debt, to defer for a certain period of time the grave consequences of covering the deficit out of national funds.

Because we do not have this possibility, we must cover the deficit either by taking part of the credit from the economy, thus furthering the recession and increasing unemployment, or by printing more money, thus risking even a more rapid rise in prices and still greater inflation, because when inflation rises above the level where it is now, it leads unequivocally to a rise in interest rates. If interest rates rise, then a tremendous number of enterprises that are somehow just barely keeping their heads above water will go under, and that moment that has long been approaching, the moment when unemployment growth will be arrested, will elude us.

No party rationale or social consideration can justify actions which will lead to easily predictable catastrophe for public finances and a blockage in the country's circulatory system. No one should have the slightest delusion that

pensioners, people in the budget-financed sphere, peasants, or anyone else can possibly benefit from any maneuver that makes it impossible to begin a policy to reduce the budget deficit.

Impeding budget deficit reduction would be tantamount to deciding to steer economic policy towards a cliff, and the later a reversal is initiated, the greater the costs of that reversal will be. Today they are not large. The financial crisis is a derivative of the crisis of the transition from a planned economy to a market economy. It is not to be ruled out that Poland will be the first to see the end of the production crisis.

In order to make this situation permanent and to create more solid foundations for growth and, therefore, for employment, we must surmount the budget crisis. This is now probably one of the last great, difficult operations. Delaying it will lead the Polish economy to slip further into the quagmire, at the very moment it had begun to set foot on firmer ground.

* Social Security Finances, Provisions Profiled

93EP0132B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 17 Dec 92 p II

[Unattributed article: "We Are Paying More and More—Social Security Fund"]

[Excerpt] Social Security Fund revenue in 1992 will be 11 trillion zlotys [Z] lower than projected in the budget law, according to the information that Teresa Madejska, deputy chairman of ZUS [Social Security Agency], gave to deputies, on the occasion of amending this year's budget. Revenues will be lower, because the rise in average earnings will be lower than anticipated, and benefits will therefore also be lower, but that is not the only reason. The collection of ZUS contribution was also lower. During the first 10 months of this year, the indebtedness of people paying into the ZUS fund increased from Z4.2 trillion at the beginning of the year to Z12.1 trillion at the end of October. The Labor Fund itself today owes the Social Security Fund Z2 trillion.

The collection of contributions this year will probably reach about 93 percent, compared to 96 percent last year.

Unlike the Farmers Retirement and Pension Fund, the Social Security Fund is financed mainly out of contributions paid in to the FUS. These contributions are the source of over 71 percent of the income. The budget provides a 27-percent subsidy for the fund. FUS income was planned to be Z191.5 trillion for 1992, but after three quarters, Z132.9 trillion had come into the fund, consisting of Z97.8 trillion from contributions (Z137.1 trillion planned for the entire year), Z33.4 trillion in budget subsidies (Z52 trillion), and Z1.7 trillion in miscellaneous income (Z2.4 trillion).

Funds from the budget subsidy are put into a ZUS central office account at the NBP [Narodowy Bank

Polski = Polish National Bank]. Then the funds are distributed among the ZUS departments. The status of the funds available to the FUS changes practically from day to day, depending mainly on the dates on which benefits are paid out, and fluctuates between 1 and 3 trillion zlotys.

This year, as in previous years, FUS expenditures will be higher than income plus the subsidy and reach nearly Z191.7 trillion, 97 percent going for cash benefits. The social security fund finances benefits through the social security systems for employees, members of agricultural production cooperatives, people doing work on the basis of agency agreements or orders (agents), people running economic activity on their own, and authors and artists.

In all, FUS expenditures at the end of three quarters are as follows (in trillions of zlotys):

	Projections for 1992	Actual Figures for First Three Quarters of This Year
Total expenditures	191.7	135
Broken down as follows:		
Cash benefits	186	131.7
Retirement and pension benefits	150.4	106.1
Family benefits	20.8	15.1
Other benefits and relief	14.7	10.5
Operating costs:		
Charges for postal and banking services	1.9	1.4
Other	1.0	0.5
Including:		
Investments	0.8	0.48

It is noteworthy that postal and bank fees make up a major share of the fund's operating costs, despite the fact that since this past February, postal fees for ZUS have not increased, as for other funds, the amount of ad hoc charges (Z19,000). The bottom line is that more fund money goes for the charges than for salaries.

It is also worth adding that if the Labor Fund were merely to repay its debt to the FUS, the status of FUS funds would automatically increase by nearly Z2 trillion, but such a move is not likely to occur soon. The state budget accounts for a whole 62 percent of the Labor Fund's finances.

As in previous years then, we are dealing with a situation in which FUS' annual expenditures exceed its income. In order to cover them, it will be necessary to reduce the status of funds at the end of the year. The "status of funds" means the money that FUS must have to remain solvent at the beginning of the next year.

FUS is at the disposal of the Social Security Administration. [passage omitted]

Cluj Mayor Evicts Hungarian-Language Journal
93CHO315C Bucharest ROMANIAI MAGYAR SZO in Hungarian 13 Jan 93 p 1

[Article by Laszlo Miklos: "Another Move by Funar; KORUNK in Danger!"]

[Text] KORUNK has received an eviction notice from City Hall, dated 4 January. The notice calls on KORUNK to vacate its editorial office in the County Building before 15 January, because its access to the office will be barred as of that date.

According to a statement issued by Lajos Kantor, the journal's editor in chief, City Hall has offered the journal entirely unsuitable new premises consisting of a single room, which the journal cannot accept under any circumstances. (Other institutions also have rejected the same offer.) Kolozsvar [Cluj] deputies of the RMDSZ [Democratic Union of Hungarians in Romania], namely Sandor Konya-Hamar (he had been the editor of KORUNK before being elected a deputy) and Istvan Sinko, briefed Prefect Grigore Zanc on this matter. The issue was not KORUNK's unwillingness to move to new premises suitable for editorial work and for holding KORUNK's traditional art exhibits or, for that matter, to its old premises on Main Square, from where the journal had been evicted under the Ceausescu dictatorship—but the unsuitability of the offered premises, whose acceptance could not even come into consideration. They would use every available means to inform domestic and foreign public opinion about yet another unlawful act perpetrated by Gheorghe Funar's City Hall. Proof of this, incidentally, was the fact that the eviction notice is stamped with the seal of the municipal council, yet the council itself does not know anything about the whole affair. Some people are of the opinion that the timing of the eviction for 15 January indicates that it is directed against the congress of the RMDSZ, which is to be held in Brasso [Brasov].

Ethnic Community Aids Convicted Hungarians
93CHO315B Bucharest ROMANIAI MAGYAR SZO in Hungarian 7 Jan 93 p 3

[Article by Ferenc Martin: "Three Million Lei"]

[Excerpts] Since September of last year, Transylvania's ethnic Hungarians have been collecting donations to aid two innocent and wrongfully convicted fellow sufferers. Already then the Maros [Mures] County RMDSZ [Democratic Union of Hungarians in Romania] issued a public appeal for donations to aid Pal Cseresnyes and Ferenc Szabadi, who had been convicted and cast into prison after the Marosvasarhely [Tirgu Mures] incident in March. It is common knowledge that they received not only stiff prison sentences, but also heavy fines of over 1 million lei each. These brutally large sums can be raised only from public donations. The wide response to this appeal for aid was apparent already at the end of October. At that time we summed up the situation in the following words: "We are

donating, therefore we exist." The ability of the ethnic community, of 2 million people, to act jointly became the indicator of their fellowship.

Now, in the first days of the New Year, we inquired from the Maros County Presidium of the RMDSZ how much has been raised on behalf of Pal Cseresnyes and Ferenc Szabadi.

Andras Lazar, the county organization's chief accountant, informed us that on 1 January the total already exceeded 3 million lei.

The Maros County Presidium of the RMDSZ deems it important to keep the widest public regularly informed about the collection of donations and the details of the entire aid drive. Disbursements can be made only with the approval of the board of trustees and the Maros County Presidium of the RMDSZ.

On this occasion we are listing all donations exceeding 25,000 lei that flowed in by 1 January. [passage omitted]

The Supreme Court still has to consider the appeals, and therefore the sentence is not yet final. Until then, the whole amount is earning interest on a savings deposit. In other words, the earned interest will also be available. For the time being, the raised amount is being used to send monthly parcels to the two prisoners, and also to provide monthly assistance for the mother of one of the prisoners. She is completely destitute and has nobody to support her. The fines will be paid when the sentence becomes final, and presumably the monthly compensation awarded to Cofariu will also be finalized. Whatever is left will be set aside to continue aiding the two convicts during their imprisonment and upon their release. Until then, of course, the fund will be invested so as to preserve its value. The county organization's presidium and accounting department, and the board of trustees, intend to regularly inform the public about the fund's management.

Mayor Assesses Problems in Transylvanian City
93BA0478A Bucharest TINERETUL LIBER IN Romanian 7 Jan 93 pp 1, 8

[Interview with Ioan Timis, mayor of Alba Iulia, by Francesco Gerardi and Mihail Sandu; date and place not given: "We Have No Interethnic Problems Here"]

[Text] [TINERETUL LIBER] You have been mayor since February. In the short time that has elapsed, what have you been able to achieve regarding the goals you had set for yourself and which you had proposed to those who elected you?

[Timis] I have worked to implement the main planks of my election platform and to meet some of the immediate needs of the municipality. Goals always outstrip achievements; nevertheless, we have succeeded in giving the city somewhat of a new face. We have improved the deplorable condition of the roads and we have had some success in halting the advanced decline of our parks and green spaces. We have been working hard to bring foodstuffs to our citizens and we are continuing that effort. We promised

and delivered a network of stores which sell products direct from the producers and eliminate or at least reduce to an absolute minimum the middleman's profit. These stores treat customers civilly and if they have not yet reached Western standards, they are on a par with the best in our country. The problem which have given us no end of headaches has been trying to apply the provisions of Law No. 18 on property. From the outset I have argued that this law has many deficiencies and that trying to implement it creates many problems. For the most part, assigning the certificates is finished. But if Parliament does not amend the law, it will be impossible to complete the process. We have begun to provide property deeds in the cases that were very simple and did not require much research or additional corrective measures. Finally, there is the major problem of living spaces which we have not been able to solve. Of the approximately 2,000 requests we have received, we have only been able to meet 10 percent of them. This is another great disappointment; of the many requests that are made of us daily, only a tiny percentage can be satisfied. We have begun to modernize a number of substandard apartment blocks but because we have insufficient funds for the work, and we have no place to move the inhabitants during the rehabilitation, work is progressing very slowly. In some instances we have reached a compromise with the current or future residents whereby they contribute some of their own money to augment the state sums set aside to pay for the work. But costs are continually rising, which creates imbalances and delays and failures to meet contract terms. And then there is the unemployment problem that, unfortunately, affects our young people most of all. I hope that this current financial freeze can be overcome and some of the investment funds released that would engage the entire work force of the municipality. This would make life, if not rosy, at least not the grim situation we have now. This aspect depends directly on the plan to relaunch the Romanian economy.

[TINERETUL LIBER] We see from a plaque on the townhall's frontispiece that the Alba Iulia municipality has sister city relationships with Arnsberg, Germany, Szekesfehervar, Hungary and Alexandria, Italy.

[Timis] Yes, today these sister relationships have evolved to the "assistance" stage, in making contacts which we hope will result in contracts in the areas of education, sports and culture. Already they have advanced DM300,000 for a future orphanage for children up to age seven, which will be based on a plan from here in the mayor's office. We are trying to find interested parties here in the country to act as sponsors for the materials needed to turn this beautiful and bold humanitarian project into reality. Already we have had many contacts with businessmen both at home and abroad. We hope to expand our contacts through the Romanian Chamber of Commerce and in some cases we are ready to sign contracts to obtain some of our own financial resources through the mayor's office.

[TINERETUL LIBER] Recently some have begun to describe Alba Iulia as a new black mark on the ecological map of Romania. Is this just talk or is there something to this?

[Timis] According to the data we have, this is yet another problem for us—ensuring an appropriate environment. The factory "Refractara," now known as Resial S.A., has quickly managed to reach the threshold of maximum risk in our region. I sent a report to the appropriate elements in the Environment Ministry to see that necessary measures are taken and to provide prompt and optimum solutions. This is all the more necessary as Alba Iulia is assaulted by its neighbors, Copsa Mica and Zlatna. We have received assurances that "everything will be done" to stop the spread of noxious wastes, in other words to end the advanced degradation of our environment.

[TINERETUL LIBER] Last summer your mayor's office sent an invitation to His Majesty, King Mihai, to come to your municipality for the 70th anniversary of the crowning of King Carol I. And recently you appealed to the Government to celebrate National Day here in Alba Iulia. The first invitation was not honored at all, and the second only partially, and not as your office had hoped. A series of protests followed...

[Timis] Indeed, the mayor's office and the local council addressed an invitation to H.M. King Mihai to participate in the 70th anniversary of the coronation and the blessing of the local cathedral. His majesty informed us that he could not accept the invitation as he had not received national government approval, but that when that became possible he would honor an invitation. For that reason, we did not reextend the invitation for 1 December or for Christmas. Regarding the second request, initially they promised us some funds to organize National Day celebrations at Alba Iulia, but then they informed us that since neither the president nor the government could not make a "top level" appearance, all expenses would have to be borne by the mayor's office. Later we received confirmation that, in fact, some funds were allocated and now our specialists are putting together an estimate of how much we would spend for celebrating 1 December in the municipality. So, our protests did have some effect.

[TINERETUL LIBER] Since the government contribution is so small, has the mayor's office thought of possible other financial sources?

[Timis] We initiated several bills but unfortunately our current laws do not allow such actions. We need a series of laws to give more autonomy to local councils and mayoralties; we need a so-called "sponsorship" law. Otherwise, the measures that the mayor's office could take—local taxes and so forth—would amount to some absolutely undemocratic "fines" that, needless to say, would be unpopular.

[TINERETUL LIBER] Do you have ethnic problems here in Alba Iulia?

[Timis] No, we do not have any interethnic problems here. We have always sought to mediate any misunderstandings. To date, we have been able to come up with fair, equitable and long-term resolutions to disagreements, but we really do not run into these sorts of problems very

often. Personally, I believe that such cases are due to excesses on the part of certain individuals rather than any group.

[TINERETUL LIBER] But there have been tensions between the Orthodox Church and the Greek-Catholics?

[Timis] Although today we have few Greek-Catholics, perhaps 1,000, they used to have four churches for their services, now they have none. They hold their services in a local puppet theatre. We hope that we will be able to finish work on building a Greek-Catholic church but until then, it would appear fair that one of their former churches, now Orthodox, could be returned to them to celebrate their services. I do not think that we have to come to a point where Christians have to forcibly occupy a monastery as they did in Blaj. Such an act seems to miss the point of Christianity.

[TINERETUL LIBER] This year will be the 75th anniversary of the Unification. Since 1990 there has been talk of restoring the fortress. Yet today the situation is even more distressing than ever and there is the risk of the complete decay of this historic region of primary national importance.

[Timis] Unfortunately you are absolutely correct. I have sent a whole series of demarches to the Ministry of Culture, to the national commission responsible for preserving historic monuments. I forwarded documented plans for the historic Alba Iulia fortress to come under UNESCO patronage, this may allow the design and financing of a restoration project. I even sent a proposal to Bucharest to transform it into a university campus with a pronounced tourism character. We have in mind that the 1 December University will also develop its own special departments. But presently we have many problems, some of them objective, when we take into consideration that in the fortress there are some military sites which do not allow for the extension of tourism into those areas and, in fact, which are responsible for the decay that has taken place. Regarding the historical events that should be observed this year, the situation is even more complicated. The competition for creating the future Union Monument resulted in no clear winner: None of the participants or the works submitted gained acceptance from the commission of specialists. Just to restore the Hall of Union will require a considerable sum of money; and there is no more talk of bringing to fruition the idea we had earlier of creating a gallery of busts of the important personalities who brought about this union at Alba Iulia. Nonetheless, we remain optimistic and we hope that we will have many guests from home and abroad, to pay appropriate homage to this extraordinary moment in our nation's history. I just hope that it is possible to convince everyone that the Romanian national celebration must take place here at Alba Iulia.

[TINERETUL LIBER] What does the mayor of Alba Iulia want now?

[Timis] That which everyone wants, health first of all, the power to come through this period of so-called transition, and the belief that somehow, the inertia of the old bygone system can be overcome by the force of engagement, the cohesiveness and the actions of the man, of the Romanian.

Members of Government May Own Private Businesses

93P20086A Bucharest DREPTATEA in Romanian 13 Jan 93 p 4

[Unattributed article: "Members of Government Will Be Permitted To Own Private Businesses"]

[Text] A government meeting held before the new year discussed the matter of private businesses owned by members of government. There had been a proposal that no members of government or their families—including parents and in-laws—be permitted to own a private business or take part in such businesses. This proposal was put on hold for a few months, and Victory Palace [prime minister's offices] sources now state that the proposal will never be taken up again. The reason is this: Many members of government are among the guilty. For instance, Mr. Ion Lucian Dumitru, state secretary at the Ministry of Industry is involved in three private firms. Mr. Mihai Paraschiv, former deputy minister of the chemical industry under Ceausescu, currently a state secretary, is likewise involved in many more private firms. The same sources state that "even Prime Minister Vacaroiu's son owns a private business," which is why the prime minister has been silent in regard to the proposal mentioned above. (A.M. Press)

General Militaru Recalls Events of Dec 1989

93BA0450A Bucharest ROMANIA LIBERA in Romanian 17, 18 Dec 92

[Interview in two installments with General (ret) Nicolae Militaru, former defense minister, by Cornelius Antim; place and date not given: "Order 2600 in the December Revolution"]

[17 Dec pp 1-2]

[Text] [Antim] Mr. Militaru, what was the real story in December 1989, with all those strange messages about terrorist troops moving in armed vehicles, about interventionist forces, and formations of helicopters belonging to who knows whom?

[Militaru] All those reports were part of a scheme to divert attention and create confusion within the Army and the general population. In reality, during those nights and days in December 1989, not a single helicopter took off, except for the one in which Ceausescu fled. The rest were simulations, imitations. Beginning on 22 December and continuing until Christmas there was a grave leadership crisis in the Army as well as in the entire country.

[Antim] You were aware, then, on the night of 24 December when you were named minister of defense, that in the military arena, you were to put an end to this chaos.

[Militaru] During those times, that is up until 24 December, it never occurred to me that I would be called upon to head up the Army. I was an ordinary person and,

to be perfectly honest, I was in a position to see what two people in particular were doing and how they were doing it—and these were generals Vlad and Guse. (You saw this in "Night of the Generals.") Iliescu had also departed the Central Committee session as well as others and had gone to the television station. Now it has been learned that on the way to the television station, he and Brucan stopped at the Soviet Embassy. At the time, I did not know that. As far as their movements after that, and other events during the day and night of 23 December, I have always stated what I knew: They went directly from the television station to the Defense Ministry, and from there we all went together to the Central Committee building. We stayed there all night. Now we have this film made by Bulgarian television.

[Antim] Were there other contacts with the Soviets?

[Militaru] There were. They contacted me after I was named defense minister. After all, we were part of the Warsaw Pact and it was natural for them to ask what was going on in Romania. I even made a request of them.

[Antim] In regard to eventual antiterrorist help?

[Militaru] No sir, not all to do with that. This was about a different matter: They needed information from us so that, in turn, they could inform all the other Pact countries about what was happening here. In this context, we asked them to confirm for us, through their air defense system, all those warnings we kept receiving that helicopter formations were approaching from the south, the east, and the west. That was the only request we made, to which we never did get a clear answer. They did not give us any data. Had there really been any threat from the air, they would certainly have warned us. Our radar screens did pick up some airships, even formations of them, and we fired at them and even sent some planes to intercept them. When my staffers left for Craiova the following morning I told them to bring back for me a piece of metal from an airship of any sort, if they found any. It may be that those things were of an entirely different sort, maybe they had a self-destruct capability. They all took off or were controlled from Romanian territory. It was evident they had a diversionary character.

[Antim] Who had the authority, inside Romanian borders, to carry out such such activities?

[Militaru] I believe this also was the work of those who had issued Order 2600, in other words, the *Securitate*.

[Antim] Did Julian Vlad know of the other groups that were not subordinate to him?

[Militaru] Of course he knew. How could he not know?

[Antim] Then why didn't you bring up these matters with him when you were together at Central Committee headquarters?

[Militaru] There were other forces in the *Securitate* that had great power and that were capable of carrying out these kinds of operations. They had even more forces that did not show up on any organizational chart.

[Antim] So, you believe that there was a plan in operation that had been prepared by these forces, to reverse the people's revolution.

[Militaru] Unquestionably. After the episodes in Brasov in 1987, order 002600 was issued in June 1988. The order spelled out exactly how to organize the response to any disturbances that might take place within Romania. There was a plan for each county: who was to take part in these forces, who was to coordinate them, what were the objectives, and so on. You must understand that the Army was one of the objectives of these plans. The Army had to be neutralized because, you see, Ceausescu no longer had full faith in the Army. These plans were still in existence and I suggested to the military prosecutor's office that there should be an analysis based on those plans. They described the men and the scenarios, which for a while at least in December '89, were being followed in Bucharest and Timisoara as well as in Cluj, Sibiu and Brasov. I do not know what the prosecutor did with this data.

[Antim] Now, whether we want to or not, we come to the issue of the "terrorists."

[Militaru] And they were just as real as you are, sitting here in front of me now.

[Antim] However, Julian Vlad, who knew of this, issued an order that was repeated during the night of 22-23 December. Yet, the gunfire and diversions by these groups increased. The night at the television station when Nicu Ceausescu was brought there, these activities reached their high point. Who was directing these terrorists activities?

[Militaru] I will tell you something about that. Guse is to blame for this matter. He could have taken charge of the situation, and, from the Ministry of Defense, not from anywhere else, he could have issued the order to all of his commands, "Carry out only my orders." Then neither television nor anyone else could have issued all those different orders, or alarms, or calls for people to come, and so on. This order could have been given to those creating the diversions that caused chaos everywhere. Then, neither Starck, nor Brates, nor Lupoi, nor anyone else could have done the things that they did. This is true also for the career military who took part in these affairs—all because Guse did not grab the bull by the horns. However, we really must try to understand his situation back then. Guse was in command. But events and the situation changed very rapidly and overtook him. He was shaken by the events in Timisoara where he had come from and he was afraid. Because, it must be said, he knew what had happened there. He did not have the courage to take more authoritative steps. And we have to keep in mind the man's temperament—somewhat strange, acts in haste, does not listen well to others, a brooding man—all of these factors together led to a very complicated situation. But if he had exercised his authority, things would have been different.

[Antim] Did you suggest this idea to him?

[Militaru] Oh, numerous times. But he was not a man to listen and I was not in a position to issue such an order. That is not the sort of thing one often deals with in the Army.

[Antim] What about General Tudor? The terrorists were turned over to him and after a summary investigation, he let them go. What can you tell us about him?

[Militaru] It did not happen quite that way. General Tudor is blamed for too many things. This was the situation: The Interior Ministry was everywhere. Some of them even worked in the Defense Ministry. There was this component for military counterintelligence. The army did not have any such organization to whom one could turn over someone for investigations. So what did you do? You did what you always did; when you apprehended someone, you turned him over to counterintelligence. Who were these people really, if not security types? I myself know that at one time 180 terrorists, along with all their documentation, were turned over to the Bucharest militia. I ordered that they be brought before the military prosecutor and that each be investigated. What did they do? The individual investigations were summary, those who were captured lied through their teeth, and just like that, they were released. At some point, I was intrigued by this process and I asked Bilan, whom we had installed as Bucharest militia chief, "What is the situation with those terrorists?" He told me, "What is the situation, indeed? I still have, perhaps, 18 of them. These idiots of mine, those who arrested them, they let them go!" And even more than that, I must note that the prosecutors, with whom had they worked in the past if not with security? What are these prosecutors complaining about now? They did not know how to carry out a detailed investigation. They had never done one in their lives. The dossiers would come to them, either from the Militia or from *Securitate*. It was there that the work would be done on the dossiers and the prosecutors would just forward them to the courts. They always worked with the militia or the security men. So what do you expect now, all of a sudden they are going to do something they have never done before in their lives?

Of course, the prosecutor, when he has one of these "terrorists" in front of him, what is he going to say? "I know you very well; what am I supposed to do with you? Get out of here as quickly as you can!" And they escape. Those were very unsettled times, who knew for sure which way things were going to go? Now they complain that they do not have evidence. They have victims; they have witnesses to what happened; they have the weapons and the ammunition but they do not have anyone to put in front of a judge. The guilty are missing altogether. At Cluj, 28 people were killed; they know that civilians were fired upon but they cannot determine who fired on them. At Timisoara, it is the same story. Who fired in Bucharest, because even more people were killed here. I would like to see at least one person tried for that.

[Antim] Was there ever a real danger that the television station would be taken?

[Militaru] No, this was an altogether different situation. You see, not even our commanders who were tasked to defend objectives such as this one had really thought this through, or analyzed exactly who were opposing them. The enemy did not have sufficient forces at his disposal to launch an assault at such an objective as the television station. The army was however up against a very well-equipped enemy that was trained and very treacherous. Not having sufficient forces, they nonetheless put on a display of firepower that implied they were much stronger than they were and this was very confusing. They also sought to infiltrate, and this was a very different situation.

[Antim] Where?

[Militaru] Wherever. They infiltrated the television station; they tried repeatedly at the Defense Ministry. There they even sought to liquidate certain persons to really turn things inside out.

[Antim] Were they so powerful that they could have penetrated the defense system at the Defense Ministry?

[Militaru] They could have succeeded, because they were very well trained.

[Antim] Sir, those of whom you speak were not just some simple soldiers. They were highly trained military men, probably of high rank, and, I would think, not unknown among the military prior to the revolution. But you do not know who they are?

[Militaru] Of course I do. They were the USLA [Special Units for Antiterrorist Combat]. during the night of 23-24 December, there was a real attempt to infiltrate using armed USLA vehicles. The rest of the statements that have been made are only speculation, and I am not going to speak about that.

[Antim] For a bloody revolution, don't you believe that the number of dead and wounded—as given to us by the prosecuting offices—are really too few? Or, if what really happened in December '89 was a coup d'état, are these numbers of dead and wounded too many?

[Militaru] Why do you use the term, "coup d'état?" Did someone want a coup? Why should it be only a coup d'état? That is not true. When Ceausescu fled from the leadership post of the Romanian people, do you think he did so for no reason at all, or did he do so because he was afraid of the multitudes who had come out in the streets? Why do you think he fled in a helicopter if it was not to avoid coming face to face with the masses revolting against him. If we look at only this episode, the truth is clear.

[18 Dec p 1-2]

[Text] [Antim] So you do not believe that some scenario was put into play by the second echelon of the old party activists and military cadre who sought power at a time when you had been suddenly removed from the scene?

[Militaru] What happened in December '89 and in the following two or three months in '90 had nothing to do with anything planned in advance. It was totally different.

realities took us by surprise. I will maintain until the bitter end that what took place in Timisoara was an explosion that no one had influenced.

[Antim] How could you have been surprised when all of Eastern Europe was in turmoil. We and the Albanians were the only ones left. The question was, how would it happen?

[Militaru] That is totally different. For me, it was a surprise, considering the plans that we had made. In 1984, when Ceausescu was in West Germany, there was a coup planned, but we had a traitor in our midst. Whether we did or not, we were very convinced that we did. After this great failure, we did manage to meet nevertheless, clandestinely of course, and we decided to continue on. But how? Now, this in 1984. Obviously, Iliescu was at this secret meeting. There some said that the Army should do the job; we, the military, said no. The issue was the removal of Ceausescu and his close circle. The military side was led by Ionita. After this session, several of us talked together and agreed that we would try to keep this absolutely secret and prepare an attempt, very detailed and serious, even if it took years to execute. Then Ionita died under conditions that were somewhat suspicious, and then Patilinet died also. He had also been in this circle of initiators. The need to keep this plan an absolute secret, even from our comrades, became all the more evident. We would tell them what they had to do only at an opportune moment. Unfortunately, other questions arose which, for me, sapped my enthusiasm. From that point on, I had the clear and convincing indication that everything I had told Iliescu was automatically passed on to others.

[Antim] You have not made this known until now?

[Militaru] No, I have not said anything. I refrained from it. There were some notes, some written material, which I had given him that later showed up elsewhere. Nothing more was told to him after that episode. The others decided that the coup would be organized for the first quarter of 1990. That is why I told you I was surprised because I knew what was supposed to happen, and I was ready for it, but in early 1990. The project begun in '84 was fleshed out along the way. Additionally, so that we could be sure that we would not run into problems from another quarter, we had contacts with the Soviets, with their consul at Constanta. We resolved three issues there: (1) that they would not interfere in Romanian internal affairs; (2) that they would recognize the new government; and (3) that they would not repeat with us what they did in 1968 with the "Prague Spring." These contacts were in 1987, after the deaths of Ionita and Patilinet, and I had taken upon myself all the responsibilities for the details concerning the overthrow plan. I must tell you that I was supported by, and that I enlisted the assistance of many people, and not just in the military. There is a lot that could be said about this.

[Antim] What contacts do you have with Iliescu now?

[Militaru] We do not have any contacts; he has his people and I have mine. What sort of contacts could I have with him? That is the way it is.

[Antim] Why do you believe the Romanian revolution had to be televised?

[Militaru] I do not see anything wrong with that, because what happened in Romania did not happen in any other country. Unfortunately, this transition from one thing to another, I will say again, had as its goal the removal of a dictator. The manner in which Romanians accomplished this allowed television to exploit the moment. This was not difficult. The wheels had come off the cart at the Palace Square meeting on 21 December. What else was there to put on the news? I do not believe the speculation that television was an instrument engaged to direct the course of the Revolution. There are issues much more important; basic issues which much be articulated and resolved.

[Antim] What are these?

[Militaru] The issue that the truth is not being told, even if this failure is without rhyme or reason. Go ahead and tell this to the Romanian people. I know that the truth is not being told, but beyond that, I still do not know what the truth is.

[Antim] But this is what they tried to do with the statistical report from the prosecutor's office and the parliamentary commission report on those events.

[Militaru] That is not what I am talking about! Look, it has been three years now since those events and the people of Timisoara want to know whether or not they played a role in this Revolution. If you will remember, Parliament members ridiculed Timisoara during their session. I say yet again that Timisoara could not have happened without Bucharest and Bucharest could not have happened without Timisoara. In Timisoara, on 16 and 17 December, they launched the Revolution, which ended in Bucharest. If Bucharest had not risen, then the events in Timisoara would have been just a flash in the pan; but if Timisoara had not risen up, then it is quite possible that Bucharest would still be under Ceausescu domination. Thus to belittle Timisoara is a second great sin that you can commit. And to suggest that others went to Timisoara to incite them is more stupidity.

[Antim] Who can tell the Romanian people the truth?

[Militaru] Well, it is easy to dodge the issue and say that you do not know. I have suggested to the prosecutor's office that along with the plans connected with Order 2600, they should take all the documents that have been gathered, as well as those appearing in the press which gave accounts of witnesses, and those of the doctors and the medical personnel in the hospital, and other sources. Why not put together a group of prosecutors to "poke around" in the press clippings. Once, I asked the prosecutors specifically what they had done about that case of the old man from Brasov. The prosecutors shrugged their shoulders in ignorance, "What old man from Brasov?" How did I know about him? I read his story in the press. He said that one night his son-in-law came from Sibiu with a suitcase, which he left there. The old man became curious, opened it and found guns and ammunition. Later the

son-in-law returned and destroyed the arms and ammunition right there in front of him. Why doesn't the military prosecutor investigate the old man and his son-in-law whom they could locate easily as this was all made public? There are dozens of examples such as this one, at Bucharest, at Cluj and who knows where else. Why doesn't the prosecutor's office or Justice look in to these matters to illuminate the truth, because we are not without issues and causalities.

[Antim] Do you believe that Iulian Vlad is guilty?

[Militaru] I cannot categorically state that Vlad is guilty or not guilty. Personally, I have many doubts about him. After he is released from prison, and if I have the opportunity, I am going to try to speak with him, face to face. I had wanted to enlist him in our efforts before all those events took place. I took advantage of the fact that there had been a house search of my home on 19 April 1989 and I formally requested an audience with Iulian Vlad on 7 July. On 17 July he accepted. But instead of coming himself to the meeting, General Bucurescu Giani appeared. So I was not able to give him the message that I had intended. In December, at the Central Committee meeting, when I was there with him, I said to him, "Look, why didn't you come to that meeting with me; after all, you approved it?" "I was afraid," he told me. He was aware of our conspiracy from the time his men had followed us and searched us.

[Antim] Why then did you want to co-opt him? Could you have trusted him?

[Militaru] I do not know if I could have counted on him, but Patilinet had suggested that I do so, and I trusted Patilinet.

[Antim] In "Night of the Generals" he appeared to be somewhat inclined to take a passive role toward the forces facing him in the streets, and even to side with the revolution.

[Militaru] That is because they did not know certain details. When I went on television, I made my appeal not only to my subordinate commanders, but to Vlad's men and to all others. But then I used the governmental telephone in the director of television's office to call the Central Committee where, I had learned, Vlad was there in Verdet's office. And I spoke with him, "Vlad, come over here to the television station and make an appeal to all your men, all of those in the Interior Ministry, to lay down their arms." He didn't want to come. He finally did come, but late at night when no one was left glued to the TV to hear what Vlad had to say. And what about those forces of his who were operating from those hiding places that they

had, what can you say? Do you suppose they were watching television? I believe that his action at that point was just a formality. To this day, he remains an enigma for me. Some Securitate officers sent him a letter at Jilava where he is being kept. This was in 1990. In the letter, they ask him a whole series of questions. I cannot give you a single name of those who signed the letter, given that the situation in the army is still in turmoil regarding certain people who are still on active duty today. The questions are difficult ones for Vlad. We will see what we will do about this matter. Perhaps we will publish the questions. We will see when, the decision has not yet been made. Many issues could be clarified with only the questions these officers have asked. But let us return to those episodes in December, which are the objects of some of the questions in the letter. "General," one officer asks, "how do you explain your response when someone from the Defense Ministry asked you why you did not issue an order to stop this idiocy?" "I could not, I had lost control," was Vlad's response back then. "To whom did you lose control," we are still asking today.

[Antim] Given the structures created (or preserved) in the last three years, and the current balance of power, do you believe the Revolution of '89 achieved its goal?

[Militaru] I think so. (*After a long pause*) The revolution had as its goal the removal of a dictator and the creation of conditions for a real democracy. Now power is in the hands of the Romanian people to elect those whom they believe merit their trust, those whom they feel are the best to lead the country to its destiny. A revolution cannot be expected to establish a political hierarchy or the levels of power. A revolution does not impose a program to restructure the country.

[Antim] Regarding your personal hopes and beliefs during the years of your conspiracy and then during the whirlwind of events in December, are you satisfied with the way things are now?

[Militaru] No, I am not satisfied, because, if for no other reason, you cannot justify the loss of life that took place. This overthrow could have happened without such human sacrifice. And then, I am profoundly saddened that the Army was involved in this sordid affair. Under the screen of the mind-numbing Ceausescu formulation, that there was the danger the country would be dismembered, the army was dragged into this entire mess. In our plan, this would not have had to happen; its honor would have been maintained. But, it was not to be. Why was the Army put into the situation where they fired on people in Timisoara and in Bucharest? Guse and Stanculescu have acknowledged this fact. I believe that justice must consider this very seriously and in a straightforward fashion, because the cause of the problem is no longer a secret for anyone.

* **Butora Surveys Slovak Political Scene**

93CH0312A *Bratislava KULTURNY ZIVOT in Slovak*
20 Jan 92 pp 1, 2

[Interview with Martin Butora, former adviser to President Vaclav Havel and current professor at Trnava University, by Peter Sporer; place and date not given: "Need To Rise From the Dead"]

[Text] I first asked Martin Butora for an interview more than three years ago. At that time he told me, among other things: "It is obvious that in the future the Slovak interests will have to be vigorously defended, and not even the most progressive federal government will necessarily be a sufficient guarantee of that." Several months later came the first elections, and the program of the Movement Against Violence [VPN] "Opportunity for Slovakia" was put forth—Butora was its co-author and compiler. It was the same program about which his former colleague in the Castle Sasa Vondra recently wrote in RESPEKT that he considers it one of many concepts of Slovakia's emancipation process. In fact, all the important political entities strove for it in one form or another.

[Sporer] What do you say?

[Butora] Today, an interesting psychological process can be observed in many politicians, both in the Czech lands and in Slovakia. And not only in politicians. People are rationalizing after the fact steps which they have already taken. This mechanism has been described at one time by the American psychologist Festinger as the principle of cognitive dissonance. After making a certain decision, which in the beginning was not necessarily entirely self-evident, people have the tendency to harmonize their actions and their thinking, to find additional justifications, arguments. In human terms it is quite understandable. Many, for example, are wavering between Czech and Slovak citizenship: but once they make a final decision, they tend to gradually "reinforce" this decision by a number of arguments. "Opportunity for Slovakia" searched for new sources for the political, economic, spiritual, civic, ecological, as well as moral renewal of Slovakia: and to those was quite naturally added the development of the Slovak nation, including a more equitable partnership between the Slovaks and the Czechs. But it certainly did not envisage the breakup of CSFR. For that matter, not even today's governing establishment envisaged an independent Slovak state—that is why it is so unprepared for it.

[Sporer] You just returned from a three-week study sojourn at the New School for Social Research in New York. How is our independence viewed by people with whom you came into contact?

[Butora] I never met anyone in academic, university, or political circles who considered our divorce to be an auspicious step. At the very least they thought it an unwise move, baggage added to the complicated transformation processes, that was made, especially in the case of Slovakia, in a geopolitically unstable area. Although nobody blames only one side for it, the starting conditions for

Slovakia are universally judged to be worse. It is astounding that those who decided in favor of independence were not able to sufficiently lay out the case for taking this step. American political scientists and politicians were surprised how little, if at all, the vision of Slovakia's future, as professed by the present ruling establishment, was presented in the United States. I am thinking about a clear, intelligible and substantive exposition of the political, economic, and other long-range prospects of the emerging state, its foreign policy orientation, etc. Nobody from the Movement for Democratic Slovakia [HZDS] gave lectures at any important American university, nobody wrote to THE NEW YORK TIMES or THE WASHINGTON POST, nobody spoke on American television or in press clubs, we did not see any important faces appearing in any politically important world conferences taking place during that time in the United States. Those were wasted opportunities. One can only surmise whether the problem lies in people, in ideas, in the knowledge (or rather lack of knowledge) of the language, in the inability to appreciate the importance of such contacts, or in the HZDS as such.... I really do not know, but one thing is certain: from a high-level politician one expects substantive analyses rather than Razus's verses or an anthem after approving the budget.

[Sporer] Where were they supposed to learn that?

[Butora] I agree that in the broader context it reflects the long period without independence. The politicians' thinking here was often confined within a narrow sphere delimited mostly by the Hungarians and the Czechs. Whereas Czech politics was sometimes almost excessively involved in the spiritual and political European climate, the Slovak politics used to be far too inward-looking, and it projected its steps into foreign policy connections to a lesser degree. But then, even that does not apply generally, to which attests the good reputation enjoyed in the United States by the former Minister Demes, the international recognition which Jan Carnogursky succeeded in earning for HZDS in Europe, as well as the numerous contacts of the Party of Democratic Left [SDL] and the Social Democrats with related partners.

[Sporer] And Slovakia's orientation according to foreign experts?

[Butora] At this time they do not think it has crystallized yet. That is because of HZDS, which so far does not have a definitive foreign policy profile. It is a movement without an international umbrella, without any perceivable foreign party partners. Although its broad spectrum of views of the "umbrella" type enabled it to win the elections—it is not very readable abroad. "Readable" in it is only the leader—however, what if this politician says something else almost every day? It is an open secret that HZDS was anxious to find favor mainly among the Social Democrats, but at the same time was flirting also with the parties associated in the conservative EDU, and occasionally even suggested a certain closeness to the liberally inclined parties of the center. Something like that is not the usual behavior seen on the world scene: clear and stable signals are what is mostly appreciated.

As a matter of principle, however, foreign policy should not be the province of only one, even though victorious, movement. It should be subjected to rigorous opponency process in the parliament as well as extensive discussions in the media—it really is not a matter for the party leadership only. This is not just a matter of a contract, an order from a foreign company, but of the future of all the people living in Slovakia. Not only of the nearly 60 percent who today tend to trust the government, but also of the almost 40 percent who, on the contrary, rather tend to distrust it.... Decisions made in this sphere will be crucial for Slovakia: they will determine the orientation of the country for a long time to come.

[Sporer] Maybe it would be worthwhile to consider a comparison with the Czech foreign policy....

[Butora] Today its three basic pillars are already taking shape: relations with Germany, good relations with neighbors, in the short run particularly with Slovakia, and integration into all international, especially European, structures, with special relationship with the Atlantic Alliance and the United States. Slovakia made a preliminary declaration of a similar interest in European integration and of a similar effort to establish good relations with its neighbors. In practice, however, the relations with the Hungarians, for example, are marked by a certain tension. The art of diplomacy and foreign policy is to reduce such tension without basically endangering one's own interests. So far, there has been little success in that respect. Our "Eastern policy" is not clear either.

[Sporer] What do you say about the calls for Slovak neutrality?

[Butora] I consider the idea of Slovak "neutrality," Slovakia as a "bridge" between two cultures, two civilizations, two worlds, West and East, to be considerably risky. Something like that is possible and has good prospects, and maybe also economic advantages (especially if the Eastern partners have something to pay with). Similarly, cultural ties and tourist contacts make sense. But I am convinced that in today's period of great instability and uncertainty in Russia as well as in Ukraine it would be a very unfortunate choice for us, should the so-called "neutrality" in the end lead to our being politically tied to the East. Slovakia is a very small and vulnerable country. It applies to the entire post-communist world that the transition from the zone of uncertainty, poverty, and violence to the zone of (relative) stability, prosperity, and peace is a slow and difficult process. But at the same time for us—for Slovakia—it holds true that we have in that respect considerable relative advantages. We can benefit from the well done work of the "poor" CSFR (Havel's and Dienstbier's foreign policy is generally judged to have been successful) as well as from the nonviolent manner of our "divorce," regardless of the fact how painful it was for many of us.

[Sporer] What are the advantages of an orientation to the West, in your opinion?

[Butora] Political orientation to the democratic, in spite of all the problems gradually uniting Europe, consonant in

the basic values with the United States, does not mean, as it is sometimes wrongly understood, either an immediate joining of NATO, or a soulless consumer capitalism, or the so-called morally questionable liberalism. It means, above all, belonging to a certain civilization. It is a sufficiently varied, pluralistic and rich civilization: at present it can accommodate, for example, a majority such as are the social-democratically oriented parties in the European Parliament, but also the highly religious groups and strata of the European population; it can accommodate the state-supported national culture in France as well as the social-market economy in Austria; it can accommodate countries with nuclear power plants as well as countries without them, with kings and chancellors or without them; it can accommodate states, regions, nations, nationalities—and at times also refugees. It is mostly a civilization of negotiations and bargaining rather than shooting; of compromises and consensus rather than revolutions. It is a civilization that today has its tremendous problems, from racism to ecology, but also tremendous potential and resources for solving those problems. It is a civilization to which Slovakia naturally belongs by virtue of its history, and in which it can commensurately participate with its culture and life styles.

[Sporer] You are lecturing at present at the Department of Social Sciences of the Charles University and at the Department of Humanities of the Trnava University. Can you compare them for us?

[Butora] It is not really fair to compare the oldest university in Central Europe and a small, beginning, only recently renewed regional university, which must literally fight for its life, struggle with unbelievable obstacles, and which cannot fully concentrate on solving its shortcomings in peace. But first of all I shall try to illustrate the spirit of the Department of Social Sciences, specifically the study of sociology disciplines. This is the second year I have been teaching there, having started in the fall of 1991 when I was still working in the Office of the President. My hours at that time were from 2000 hours, because it was not possible earlier; they lent me keys to that old, beautiful building on the Smetana embankment, just a few steps from the National Theatre or the Slavia Coffee House, with a view of the Hradcany Castle. At that time we already followed the practice which is being continued even more thoroughly during this school year. Students of sociology receive the necessary points for studying certain subjects: some of them they can elect. At the beginning of the semester the entire "sociological community" of the first, second, and third year students (the department has been in existence for 3 years) meets in a public lecture hall. Individual professors "introduce" themselves to the students and try to win them for their courses. This school year 22 diverse offers were presented.

[Sporer] A "Marketplace" for subjects?

[Butora] Just so. Political sociology is taught by no less a personality than the outstanding Czech thinker Vaclav Belohradsky, who comes once a month from Italy. Active in the Department are "stars" of Czech sociology Miloslav

Petrusek, Josef Alan, and others. Jiri Kabele offers a course on "Czech-Slovak transformations," that is, on social regeneration, the fate of people, institutions, and nations from 1948 to this day. There are several courses on political sociology, which Martin Potucek studied in London for a year. A lecturer from the Central European University offers within the framework of social politics participation in research, for example of the young unemployed ("The best way to learn research in sociology is to start doing it—and we shall be doing it together"—she entices her future *tiros*, naturally in English). Two other pedagogues talk to the student community about attractive courses in social anthropology, where one can become acquainted with shamanism, with behavioral patterns among relatives, as well as with social constructivism. Another woman colleague offers a course in social structure, including the very latest feminist interpretations. Another course in English introduces interested students to the sociological tradition of the 19th century. Those who want to understand the current changes can hardly do without a course on economic sociology. The next offer is the institution of higher learning as the object of sociological research: here students can even gain financial rewards for taking part in empirical research. Although we do not offer any financial incentives, says Jaroslav Kapr on behalf of his group, we do have for you a course on biographical sociology, a modern form of the so-called qualitative sociology, including autobiography analysis. Then follow courses on Sigmund Freud II and the theory of mass communication. Immediately after that another colleague reminds the students that a true sociologist can hardly get anywhere without a course on demographic analysis. I am afraid that no one will sign up for my courses on self-help, volunteerism, drug dependency.... Next to me sits a well-known personality of Czech spiritual dissent, doctor of theology and consultant to the Papal Council Tomas Halik (at one time we both worked together on the psychotherapy of alcoholism), and when he announced his subject Religion in the Modern and Postmodern World from the Viewpoint of Sociology and Psychology of the 20th Century, I added him in my mind to the good 80 percent of those for whose courses, out of this fascinating intellectual constellation which the young people have at their disposal here, I would gladly sign up myself....

[Sporer] That is all well and good, but such possibilities are not available in Trnava.

[Butora] Certainly, Prague is Prague, it has the synergetic effect of a world-class city, a breeding ground of ideas as well as first-rate people to put those ideas into practice. The Prague faculty with its openness and dynamism is beginning to resemble the previously mentioned famous New School for Social Research, founded by German emigrants before World War II and connected with names such as T. Adorn and H. Arendt. Something like that is not just matter-of-course even elsewhere in Prague, and probably not at the Bratislava Komensky University either. But the Trnava University, if they allowed it to breathe, would in time also develop into a modest but individualistic and valuable center of humanistic and Christian education.

Extremely important to me is something that I have experienced personally during my "merry-go-round" between Prague, Bratislava and Trnava. I teach the same subject at both universities, sociology of drug dependences using alcohol as an example. The girls and boys in Trnava (they come from various corners of Slovakia) are no less capable than their Czech counterparts. They have equally open minds, are eager to learn. They may have received less linguistic preparation: certainly in school they instilled in them less general knowledge of a philosophical character—however, they are first-rate intellectually and it is a pleasure to work with them.

At the same time, this school has been accused of all kinds of things, including an "inability" to attract full-time teachers. For goodness' sake, how could it attract anybody when since December its account has been frozen by order of the ministry!? Would anybody today give up their job and take on one with an uncertain future...?

[Sporer] And it survived nevertheless. How do you explain it?

[Butora] Three circumstances played a role here. Pressure from the media, discussions in the parliament, and pressure from the international community, be it from academic circles or representatives of various international organizations concerned with human rights, including the world-renowned New York Helsinki Watch, which has been very helpful to the democratization processes in the entire Central and East Europe during the last decade. Today it is no longer so easy to liquidate a university. To a certain extent, its fate became one of the litmus tests of the young Slovak democracy. Of course, there was also the fantastic behavior of the students themselves, who actually passed an invaluable "course in political self-realization," during which they learned to find, name, and defend their interests. I consider all that important also from the political and civic point of view: people need to see that it pays to fight for one's dignity, that it is not necessary to succumb to destructive feelings of helplessness, that it is possible to gain through continued defiance small islands of independence. And finally, if in the unfreezing of the account by the ministry a role was played, besides the fear of a trial (Trnava University sued the ministry), by rational consideration and willingness to compromise, then it cannot be but welcomed. True, nothing has been decided yet: there was only a one-time accounting for last year, and the budget for this year still has to be fought for.

[Sporer] You mentioned the media. How do you see their role today?

[Butora] I see it as very important. It is something that even some of the more militant representatives of today's regime obviously realize and that is why they are attacking the freedom of the press. I must confess that I am sometimes astounded how arrogantly—I would even say self-destructively—the current power establishment treats some journalists. I think that it is very, very mistaken on precisely this point. Journalists simply do not want to and will not write in the old way, they do not want to submissively accommodate to every successive power.

They criticized Jan Budaj, they criticized Fedor Gal, they criticized Public Against Violence [VPN] and the Christian Democratic Movement [KDH], and it is an delusion to think that they will not keep on criticizing—they think of it as their duty. They want nothing less and nothing more than to pursue their profession properly.

[Sporer] How do you explain it that the clumsy behavior of today's governing power makes it look like a bull in a china shop?

[Butora] It seems to me that some HZDS functionaries are mentally anchored in the year 1968 and the subsequent normalization, almost regardless of whether they belonged to those who were persecuted and purged or those who profited from the regime. Through their experience they are fixated on one single archetype, one way of doing politics, and that is brute force. Actually, it is as if they were subconsciously imitating this normalization, because they do not know another "code," they have not experienced anything besides tough political manipulating. They long for absolute political control. That is why those across-the-board changes of people in education, health care, state administration, that is why that barbaric attack on independent SMENA. They do not know how to operate other than on the level of the esthetic of political kitsch. Of course, then they weep in vain over the "bad picture of Slovakia".... And, moreover, they are again polarizing society between US and THEM. That is unproductive, today's society cannot be effectively ruled in this way. Instead of a hierarchical leadership, it is mostly participation, searching for coalitions and alliances that pay dividends. This type of politics could succeed maybe only if there is a rapid worsening of the political atmosphere, by artificially fomenting confrontations on the domestic as well as the international scene, by looking for enemies. On the whole, however, I think that in the long run it is doomed to failure, and will justifiably become the target of criticism not only from KDH or from the Hungarian parties, but also from the younger generation in SDL and the Slovak National Party [SNS], not even speaking about the extraparliamentary, democratically oriented groupings.

[Sporer] And an intellectual's stance?

[Butora] I have only a vague notion about how an ordinary, decent Slovak intellectual might act, without regard to any specific profession. Many expended a lot of energy defending the common state; today they are naturally disappointed, disgusted, and most of all exhausted. That does not augur well, because we are facing a long period of difficult conditions. It is necessary to "rise from the dead."

We are experiencing and we will be experiencing a "cultural shock" brought about by the birth of the new state: we shall have to look for a new identity, and do so in a situation when a complete cultural change is taking place, a change of the entire system. All those are extremely demanding calls: they have yet to be deciphered, an intellectual discourse restored and created. To my mind an intellectual in Slovakia should first of all never cease calling attention to what is really going on, to deal with the reality in which we are

living: to speak out and keep explaining relentlessly and steadfastly, no matter who is involved—of course, in a dialogue with others. And second, in his discipline he should produce quality work which could be, within the realm of possibility, exportable to the world. And third, he should remember to show solidarity toward his colleagues, and especially civic solidarity (I regret to this day that so few people stood up for Fedor Gal as a citizen, and I firmly believe that people will be found who will support Martin Porubjak, one of our top theater directors, so that he would be able to work in his profession and would not have to leave to direct in Prague, Brno, or Vienna). Fourth, he should conduct himself as if he were living in an on the whole free country: just that kind of attitude will help him in many respects. Fifth, he should maintain as many lively contacts abroad as possible, including with his colleagues and friends in the Czech Republic, in Hungary, Poland, Slovenia, everywhere where today there are emerging the outlines of post-communist mentalities and identities. Sixth, he should embrace his diminished homeland and get to know more than he does now about his fellow travelers in Presov, Kosice, Banská Štiavnica, Levica, Zilina, he should keep in touch. And last, he could try for a fragile union of two seemingly contradictory, however in reality complementary attitudes—Christian humility and at the same time the pride of the Simone de Beauvoir kind, who once wrote: "We expect nothing if we do not expect everything."

* Left Seen as Real Winner in Independent Slovakia

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[Article by Vladimir Ondrus: "Destruction of the Common State: Lost Battle for Democracy"]

[Text] The question that keeps me increasingly puzzled is where can our disgruntled journalists, sober commentators and educated and experienced politicians find the people whom they blame for the breakdown of Czechoslovakia or for wasted opportunities to save her. I keep wondering about myself as well: Where did I get my optimism, trust and conviction that something could be done to save the state, that many contributions and actions would come together to ultimately bring benefit and success even if people with the same goal have grown so far apart from each other in the way they perceive and understand the causes of what went on and the reasons for what happened.

Irena Liskova in KULTURNY ZIVOT blames both sides equally: "...when the political leaders of our victorious parties...met to appoint the federal government...in no time they began splitting up the republic...." Instead of peacefully dealing at a roundtable with various economic problems which were a more or less legitimate "bone of contention" between both our nations, they rushed headlong to issue a "radical solution" (KULTURNY ZIVOT 49, 1992). After the Federal Assembly adopted the law on the termination of the CSFR, Robert Kotian noted in SMENA: "The last chance open after the fall of the

communist regime was wasted because our former political representatives were unable to resolve the dilemma of national emancipation and economic transformation (see the projected state treaty). Because of their lack of mutual understanding politicians who were most congenial in terms of values and emotions (as P. Pithart admitted in an interview with SMENA) considerably contributed to the breakdown of the CSFR" (SMENA, 26 November 1992).

P. Pithart actually reproaches himself for not having been decisive enough in critical moments. He points out some other blameworthy individuals: "We sought some solution up to the last moment but we no longer were in a majority in the government and in the Czech National Council. All we could do in the last months was to watch as the right wing kept blocking our remaining opportunities for an agreement. Carnogursky's idea of a treaty between the republics was realistic but we let ourselves be cornered by needlessly fundamentalist legal arguments. That solution was unconventional but it guaranteed that our common state would be saved" (SMENA 24 November 1992).

I have no inkling where P. Pithart can see such a guarantee. I am convinced that no matter how well redrafted and how perfect the treaty would be, it did not have a prayer even if it fairly, clearly and magnanimously formulated the principles of the relations between the nations, nationalities and republics of the CSFR. It would never please the political opponents in the governmental coalition in the Slovak Republic at that time. It would not be able to withstand the crushing criticism during the election campaign, and its adoption could not prevent the CSFR from breaking apart because the Czech-Slovak relations were just a pretext and not the cause of the disintegration of the federation. The breakdown of the common state was a by-product, often truly unwanted, of a political power play in Slovakia as well as in the CSFR.

From the Hyphen War to the Separation

The demand that the issue of the constitutional system be resolved had been self-evident since November 1989 already. The first programmatic declaration of the civic initiative of the VPN [Public Against Violence] and of the coordinating committee of Slovak University Students of 25 November stated in Point 10: "We insist on a democratic federation of the Czechs and Slovaks and on a legal stipulation of the rights and status of nationalities on the principle of complete and true equality." The discussion of the new name for the state by the Federal Assembly in the spring of 1990—the so-called hyphen war—proved that the problems of equal relations of the two nations and republics remained alive, that they stirred up passions, and that their solution easily deviated from the heart of the matter. At that time already attitudes began crystallizing: Either the totalitarian regime renders the federation non-functional but the federative system may be given new contents based on a democratic political system—or the reason why our coexistence is a dubious proposition is the incessant attitude of inequality on the part of the bigger nation while the smaller nation always stands in the shadow of the bigger one, or according to the statement of

M. Huska, the current vice chairman of the National Council of the Slovak Republic: "The bigger nation will always oppress the smaller nation." Can full emancipation and advancement of an ethnic community be achieved within a common state, or should the nation pursue the supreme objective of creating its own state since only that enables that community freely to advance?

Rational arguments have always supported the idea of a common state, only emotionally tinged appeals, the fomenting of prejudices and even calls to violence spoke for the separation. But then, why have the separatists won in the end? I do not think that their success stems from the Slovak voter's exceptional lack of political culture and education; if compared with other postcommunist countries, the difference is quite small. The winners of elections only skillfully linked socioeconomic issues with constitutional matters and exploited their mutually explosive charge—that elevated several politicians to the positions of power and pushed the nation to an unexpected split of the state.

How else can we explain that as late as in the beginning of November 1992, when the breakup of the state had already been for all purposes a cut-and-dried issue, only 40 percent of Slovakia's population were convinced that the federation had to be split, while 49 percent maintained that such a step was not necessary? At the very moment when the government of the Slovak Republic was pushing through the adoption of sovereignty of the Slovak Republic and of the new Constitution of the independent state, according to a public opinion poll the government had fulfilled all expectations of only 18 percent and some of the expectations of 28 percent of the citizens. The people whose expectations had not been met by the government mentioned above all social issues and the living standard (47 percent) and the economy (18 percent). Thus, there is no feeling of triumph, the fulfillment of the "centuries-old aspirations" of the Slovak people have left our population cold, and relatively few seem satisfied. (Public opinion polls of the Research Institute of Public Opinion in Prague and the Slovak Bureau of Statistics-Public Opinion Research in Bratislava, NARODNA OBRODA 26 and 27 November 1992.)

Separation as a Political Program?

In addition to marginal political groups, the Christian Democratic Movement [KDH] raised the idea of an independent Slovak state early in 1990 with a metaphor of independent chairs and of stars in European skies. The speed with which this idea was translated into reality soon became a topic of debates and later also of controversies within that movement. The results of the 1990 elections put the KDH's ambitions on ice when it became clear how that movement had overestimated the evident Christian orientation of Slovakia's population and how it had underestimated the secularization of its life. Jan Carnogursky who had learned a lesson from his international contacts began to give the movement a more realistic direction also as concerns the constitutional arrangement. However, his

skillful maneuvering came too late—both within and outside the movement. The KDH was discussing power-sharing with the Czech side, which would reduce the legal powers of a common state to such a degree that it would already prevent it from functioning. For quite a while the KDH seemed intent on breaking up the federative state and making it appear as the fault of the other (i.e., the Czech) partner. Thus, it cast doubts on the real will of the Slovaks to remain in a common state and undercut any opportunity to break down the obstinacy and legal fundamentalism on the Czech side. Already at that time some of the KDH leaders in their statements indicated more their intention to break our common state apart rather than to adopt a covenant on the coexistence of the two republics. This group of KDH members did not appear before the public until the spring of 1992 when set up a separatist Christian Social Union. Its failure in the 1992 elections confirmed that few Slovak voters supported the program of Slovakia's independence.

In a similar way, the separatist Slovak National Party [SNS] lost, yet although it obtained less than 8 percent of the vote in the June 1992 elections its political program is now being implemented all over the CSFR. The Slovak National Party lost support even in comparison with the 1990 elections when it acted as the only political party with a program for Slovak independence.

Preelection Promises and Postelection Reality

The HZDS [Movement for a Democratic Slovakia] won the elections in Slovakia with its election program that contained the declaration of independence but which at the same time led the voters to believe that a referendum at a future date would give the voter an opportunity to determine the definite form of coexistence. By proposing a union of sovereign states—the Slovak Republic and the Czech Republic the HZDS concealed to the voters the fact that an independent state was already a matter-of-fact and irreversible decision. Its proposal was just as pathetic as if a husband would offer to file for divorce in order to cohabit with the wife in a common-law marriage. It was not feasible even beforehand and therefore, after the elections the Czech side had nothing more to discuss.

The decisive factor for the victory of the HZDS was the linkage of the constitutional program with the economic plan, its unscrupulous criticism of the economic reform and its portrayal of the federation as a foe of the Slovak nation and of the federal state agencies as a brake to the implementation of economic policies appropriate for Slovakia's situation and thus, as hampering any improvement of the living conditions of its inhabitants. The HZDS's election program maintained that an economic collapse could be prevented only if "the unitary economic reform is abandoned"—and to do that, Slovakia must be sovereign. The HZDS's campaign rhetorics were based on its astonishing ignorance of economic correlations and on overt lies: It suffices to recall allegations about how Slovakia was sold off Slovakia to the International Monetary Fund and to the World Bank, how the population starved because of the unemployment caused by Prague, how the conversion

of the arms production was anti-Slovak, how the unemployment rate could be brought down with investments financed from the deficit budget, how the budgetary outlays could be increased....

After the elections everything is different: The HZDS has not fulfilled practically any of its programs on its macroeconomic policies. The HZDS's economic experts have "discovered America" during their recent visit to the World Bank and all of a sudden, the government is defending a balanced budget, brutal restrictions on the spending for the educational system, health care and science, cutbacks of social benefits as well as higher outlays for the process of Slovakia's independence. No longer is the growth of unemployment an impediment, and that defender of a responsible state, our Mr. Prime Minister, advises the unemployed that they should become entrepreneurs; that protectress of poor families, our Madame Minister of Labor, maintains that unemployment will rise next year by one half (at least), "but that is tolerable." All of a sudden Slovakia no longer needs any economic sovereignty: It has abrogated it in favor of the International Monetary Fund and of the Czech Republic. The Government of the Slovak Republic regards the currency and customs union as success and moreover, it insists on closer interrelations of its economic policies with the Czech Republic. The leaders of the Slovak Government now emphasize that the differences in the process of the economic reform in the Czech Republic and in the Slovak Republic are extremely slight. In addition, it is admitted even by the highest instances in the government that independence will not come cheap and that Slovakia's sovereignty requires further sacrifices. How can they ever fulfill the promises made in the elections to Slovak citizens who supported the victorious alliance?

However, power is already in strong hands, which was the intention. The HZDS was a goal-oriented campaign formation of several types of radicals and power-hungry individuals hungry with no consistent political program. What else could be the aim of such a heterogenous group? The first impulse to break the VPN came in the autumn of 1990 from members who called themselves the "anticommunist right" and who left VPN because the its liberal representatives were not willing to continue the ongoing purges of the old structures and to base their program on them. (A. Matejka, a founding member of the HZDS and currently a state secretary of the Ministry for Control of the Slovak Republic, stated in the course of discussions at that time: "I could not sleep if I would not have fired at least one director every day!") Those same individuals are now fighting for the abolition of the lustration law which affects some of them personally. In the spring of 1991 V. Meciar used the radicals from the VPN to found the Movement for a Democratic Slovakia, first as a movement of successors to the VPN's programs that the VPN had allegedly abandoned. Later he described the HZDS as a centrist movement, although some of its members are identified with social democracy, some with the anticommunist right, and others are admirers of authoritarian methods of government. Analogically, some were for a common state while others were radical nationalists and

separatists. To attain positions of power, the representatives of the HZDS were willing to do anything: From bringing to the parliament documentation stolen from the State Security Corps, through slander of their political opponents, up to organization of mass meetings and to fanning up nationalistic passions. The HZDS was in the offensive, used unscrupulous methods, and succeeded.

The HZDS's preelection operations demonstrated that if it wins, it will not bother to adhere to democratic principles in public life, that it will interpret the hodgepodge of its election program in its own way even without public approval (for instance, by a referendum) and that it will stop from nothing to consolidate its power.

Who could prevent its victory in the elections and the breakup of Czechoslovakia? By linking the idea of the federation with Klaus's anti-Slovak economic reform the HZDS aided by our mass media succeeded on the political scene even before the elections in practically liquidating Slovak political parties whose program called for a common state and consistent economic reforms—parties that had been responsible for the transformation of our society since our first free election. Those parties suffered a crushing defeat in the 1992 elections and (with the exception of the KDH) lost their seats in the parliament. The victory of the HZDS could have been prevented only by a joint action of the left and right democratic powers in Slovakia—so that future voters could be informed about the undemocratic and misleading methods used by Meciar's followers.

SDL: In the Spirit of Bolshevik Traditions

Even before the elections the Party of the Democratic Left [SDL] often acted as a balance wheel and it was precisely the democratic left that could have played a decisive role in strengthening democracy in Slovakia and in saving our common state. Unlike the nationalist groups and the Slovak National Council with its pathetically tiny intellectual potential, the SDL recognized the geopolitical risks of independence as well as the social and cultural consequences the breakup of the federation would set off; it was sufficiently aware that a breakup of our common state would intensify Slovakia's economic problems and that the citizens would have to pay for it with a further decline of their living standards. Neither did it lack information about the undemocratic methods of the HZDS leadership. In comparison with other political entities, the SDL was able to affect public opinion through its closely associated media (according to a public opinion poll, PRAVDA was the most widely read daily and PRACA held the second place before the elections in Slovakia), and was able to express its views in nearly all prominent mass communications media.

Nevertheless, the SDL acted in the spirit of the best Bolshevik traditions. It regarded everything that was aimed against its opponents as democratic and ethical. In Meciar's HZDS it saw above all a hammer that would smite the right wing, so it supported and popularized Meciar and covered up all legitimate objections against

him. It attacked the Administration of the Military Security Committee at the Slovak National Council and cast doubts on its credibility. It fomented nationalist conflicts. Its only effort was to take advantage of the situation whenever it was detrimental to the SDL's opponents. It favored one-sidedly short-term interests of the party over the interests of Slovakia's population—of the simple "working people," whom it likes to protect—and contributed to a significant degree to the victory of the HZDS. It miscalculated only in case of the HZDS's unexpectedly decisive victory which somewhat spoiled its plans and removed it from the positions of power it had expected to the sidelines. Contrary to its election program ("a free federation"), after the elections it obediently lined itself behind the HZDS and naturally, did nothing to save the common state: It participated in the undignified process of adoption of the parliamentary documents and also approved the law to end the federation. After the elections it never once protested against political purges in the state apparatus, against the forced conformity of television broadcast, against the closing of the university or against the attacks on the freedom of the press—after all, only its political opponents were being crushed.

Party interests transferred in another form to Slovakia from the Czech Republic also helped sunder Czechoslovakia. V. Klaus was able to reorient the radicals from the OF [Civic Forum] united by the idea of anti-Bolshevik right in a positive way in support of the economic reform and a civic society. He was able to deflect to some extent the brunt of the simplistic anticommunism on the part of the radicals—but so much harder it was to define the ODS [Civic Democratic Party] to liberal intellectuals, primarily those from the OH [Civic Movement]. The ODS transferred this attitude also to completely different conditions in Slovakia: Its program and its participation in the elections failed to help unite the right-wing forces in Slovakia; quite to the contrary, it only encouraged and intensified their fragmentation, contributed to their defeat in the elections, and thus, strengthened the positions of the separatists. However, that does not absolve the right-wing parties in Slovakia of their failure to overcome the conflicts and to retain at least a few positions on the political scene.

Independent Slovakia—What Will It Be Like?

Today even the winners of the elections no longer speak of any specific Slovak economic reforms. Thus, they confirm that the basic thesis of their election program was no more than a slogan for the purpose of attracting voters. Since Slovakia will continue the economic reform, albeit under more difficult circumstances while building its own statehood, it is a moot question why did the HZDS, after it attained power, have to break our common state and how did it benefit from that? The HZDS and its fellow travelers have gained considerably but the citizens very little. The HZDS distracted our public from the socioeconomic problems whose solution is a long-term proposition, and thus, it turned the citizens' dissatisfaction in a different direction: by splitting up our common state, the HZDS has strengthened the image of the enemy (heretofore, the federal

government, now the Czech Republic and the division of assets: 'How they hoodwinked us again, us, the poor disdained Slovaks!'); the HZDS manipulated the people's posttotalitarian mentality (to reveal, identify and destroy the enemy) in order further to strengthen the position of power of the ruling movement; by separating Slovakia, the opportunities for democratic control of power have been reduced and therefore, immediately after the elections the HZDS insisted that the federal mass media be abolished; the separation of the legislature enables the HZDS leadership to put the much wished-for end not only to the past and to cancel the lustration law but also to facilitate the access of selected groups to property by changing the concept of the privatization process; a smaller state will have more official posts and thus, many individuals can be appointed to prominent offices (there will be more ambassadors, generals and football commissioners). And it seems that some people will be far happier if every postman has the Slovak emblem on his cap (to quote Julo Satinsky). For instance, according to Slovak banker M. Tkac: For him independence of the Slovak Republic, for which he had fought so much, means Slovakia's flag in the Olympic Games (SMENA 9 December 1992).

The Slovak Republic is neither the first nor the only state founded without the benefit of a democratic decision by its inhabitants. States have always been created also by external pressures on the original state formations as well as a result of internal conflicts among various groups. The independent Slovak Republic is a by-product of a lost battle to advance democracy, and it is a joint obligation of both the right-wing and the left-wing democratic forces to prevent any undemocratic power from casting their shadow over Slovakia ever again.

After 1989 the democratic left, assembled mainly from the remnants of the Communist Party, enjoyed in Slovakia substantially more auspicious conditions for its self-renewal than the left in the Czech Republic. The Slovak situation continued to be lenient and did not compel the right wing to launch a frontal attack at almost everything leftist in the name of a simplistic anticommunism, as it occasionally happens with our neighbors. The left failed to avail itself of this opportunity and instead of creating a

democratic political environment, it opted for a destructive fight against the democratic right. It is certain that its decisionmaking was influenced by several factors: The inertia of habits and objectives; the affinity of class and national collectivism; the inability to formulate an alternate economic program; the willingness to put a decisive end to the past instead of bitter confrontations with the bygone era, ideas and people; the self-satisfaction over the revenge against its political opponents, as well as the fear that the tide of nationalism and populism might sweep away the left as it had swept away the right wing. However, the struggle for democracy—which is what was at stake in Slovakia over the past three years—does not mean clever dodging and currying favor of one's most powerful political partner at that particular moment; it means to defend principles, programs and processes, to safeguard the development of democracy. In spite of that, or precisely because of that, the left gained a very advantageous position: After the expected departure of the HZDS's burly leader from his current functions, once he fulfilled his task of an engine on the way to power and turned to be a burden even for his closest allies, a bunch of individuals and groups left in the HZDS will be divided among the parliamentary political parties. Thus, the left will become the most powerful and victorious political force in Slovakia. It will try to set up a government of "national cooperation," and the economic situation will force other political parties to accept its offer. Satisfied in its power ambitions, the left will have an opportunity—and probably use it at long last—to hunker down to its left-wing politics: Support the development of democracy and a civic society.

So long as this development proceeds fast and peacefully, it is not the worst outlook for Slovakia in spite of everything. However, considerably more unfavorable variants also are possible: Continuous support by the left wing for a one-party or one-man government, escalating tensions, long-lasting strife, economic and ethical disintegration. In any case, the question arises whether the breakup of our common state, with all consequences of that development for security, economy, social affairs and culture, is not an excessive price for the victory of the Slovak left or of a single group of politicians.

Macedonia

Macedonian National Front Publishes Goals

93BA0461A Skopje NOVA MAKEDONIJA in
Macedonian 29 Dec 92 p 12

[Party platform of the MNF: "Program Goals of the Macedonian National Front"]

[Text] 1. The Macedonian National Front [MNF] is a political party in which those who accept the program goals of the party join according to the principle of free admission.

2. The MNF is a broad democratic party that appears on the Macedonian pluralistic scene at a time of intensified denials of the Macedonian national existence and the organized imperialistic struggle for nonrecognition of the Macedonian state. In these conditions, the Macedonian National Front will work for complete realization of the Macedonian national ideal, for international recognition of the Republic of Macedonia, for strengthening the Macedonian state and its economic power, as well as for democratization of all social and national life.

3. The MNF considers the Republic of Macedonia to be a national state of the Macedonian people into which the Ilinden ideals of our grandfathers and fathers, as well as the ideals of the fighters of the national liberation battle, are woven. The current independent Macedonian state is only a superstructure of the Krushev Republic and of ASNOM [Antifascist Council of National Liberation of Macedonia] Macedonia, it is the fruit of the historic national-legal continuity, and as such it is united and indivisible. Only the Macedonian people are the bearers of the statehood of the Republic of Macedonia and it cannot be the subject of any federalization and cantonization.

4. The MNF will endeavor to have the national minorities in the Republic of Macedonia enjoy all national rights which are guaranteed by the European and other international conventions. By respecting these rights the MNF will work for peaceful and harmonic cooperation between the citizens of Macedonia, irrespective of their nationality and faith.

5. The MNF will strive to have the Republic of Macedonia have equally close relations with its neighbors: Serbia, Bulgaria, Greece, and Albania (equidistance).

6. The MNF will work for complete victory of democracy in the Republic of Macedonia, and for democratization of the institutions and of all social life.

7. The MNF will be concerned with implementing the rights of the parts of the Macedonian nation which are under Greek, Bulgarian, and Albanian rule. The MNF is solid with the OMO [United Macedonian Organization] "Ilinden" in Pirin Macedonia, and with the organizations of the Macedonians in Aegean Macedonia which operate illegally today because of the lack of democratic freedoms.

8. The MNF will fight with all democratic means in the struggle against all types of treasonous supremacies, and will

expose them as weapons of foreign governments and nations. In this context the MNF will seek to have the parties in the Republic of Macedonia which have program goals for incorporating Macedonia into any of the neighboring states prohibited as unconstitutional and fifth column parties. Such parties today are: the SKM-DJ [League of Communists of Macedonia—Movement for Yugoslavia] and the Party of Yugoslavs, which are conspiring to join the Republic of Macedonia to the Federal Republic of Yugoslavia, that is, Serbia. The above-mentioned parties today are agents of Serbophile supremacy in the Macedonian state, and therefore the MNF will seek to have a resolution for their prohibition passed by the Assembly of the Republic of Macedonia. As long as the Serbophile supremacy is institutionalized in the Republic of Macedonia it will not be possible to carry out a decisive battle against the Bulgarian and other supremacies.

The MNF will fight with equal decisiveness against the public and secret Bulgarophile supremacy that has penetrated as a Trojan horse into certain Macedonian parties, and which is just as dangerous to the Macedonian national existence as is the Serbophile supremacy.

9. The MNF will support a liberal market economy and accelerated transformation of public into private capital, but in this case it will carefully monitor the transformation of capital in order to prevent theft which will enrich the communist directors and other administrators. It is necessary to determine the origin of the capital of the former directors who are becoming owners of the enterprises and state agencies and, if it is of doubtful nature, to confiscate it for the use of the state.

10. The MNF will work to strengthen the ties of the main nation (the Republic of Macedonia) with the Macedonians of the diaspora. For this purpose it will espouse a special Ministry for Emigration in the government of the Republic of Macedonia.

The MNF will intercede in behalf of the Macedonians of the diaspora to have their representatives in the Macedonian parliament and to have the right to be candidates for peoples' deputies even in election districts within the Republic. Only in this way will strong and unbreakable relations be built between the Macedonian nation and its children scattered in the diaspora, which will create confidence in the return of the Macedonian emigrants, together with their capital, to the Republic of Macedonia.

11. The MNF will have son and daughter relations with the autocephalous Macedonian Orthodox Church, it will not interfere in its spiritual work, but will seek to be independent of it and of the authorities and of the parties in the Republic of Macedonia.

The MNF will intercede in behalf of introducing theology as an academic subject in the primary schools.

12. The MNF will speak out for social justice in the Macedonian state, for greater concern for the unemployed, the retired, the sick, the old, the handicapped, and for other socially threatened people

13. The MNF thinks that without an independent judiciary there is no true democracy, and therefore will fight for complete independence of the judicial agencies from the regime or from the authorities. In order to achieve this goal, the MNF will work for staff changes in the judiciary because the judges who served until recently as instruments of the Communist and the Yugoslav regimes will not easily reject habits of service.

14. The MNF will call for the Macedonian state to devote greater resources to Macedonian science, without which prosperity will not have a future in the Macedonian economy.

The MNF will encourage connecting Macedonian science with the Macedonian economy—a connection which will be of mutual use.

The MNF will support autonomy of the universities in Macedonia, such as the universities in countries with a long-term democratic tradition have.

15. The MNF considers that the working people of Macedonia need independent unions in order to protect their vital interests. The MNF will support the work of the independent unions.

16. The MNF will give particular attention to Macedonian agriculture. It will speak on behalf of granting credits to the farmers for acquiring agricultural equipment, artificial fertilizers, livestock, seeds, and so forth. Macedonian agriculture also has to be stimulated with tax concessions.

17. The MNF will speak on behalf of the Macedonian state giving greater attention to the education of the young. The Macedonian state will provide equal opportunities and conditions for schooling the young, will assist youth organizations, and provide conditions for better recreational, cultural, and athletic life for all young people in Macedonia.

18. The Macedonian National Front will speak on behalf of democratization of the cultural life in the Republic of Macedonia with the elimination of the one-party monopoly over the publishing enterprises and other cultural institutions. Elimination of the one-party monopoly in the culture can come about only by privatization of the publishing enterprises.

19. The MNF will fight to have the public information media in the Republic of Macedonia liberated from the practice of the single party monopoly, and to become truly informative heralds that will be included in the process of the democratization of Macedonian society.

20. As soon as the Republic of Macedonia is recognized internationally, the MNF will urge that it declare itself to be a neutral state under protectorate of the United Nations and of the European Community and in this way become a Switzerland of the Balkans—an oasis of peace.

Interested parties should write to: Post Office Box 317, Skopje, 91000.

* Macedonian Electrical Network Strained

* Increased Demand

93BA0462A Skopje NOVA MAKEDONIJA in Macedonian 29 Dec 92 p 1

[Unattributed article: Power Grid Failures More Frequent in Majority of Communes: Increased Consumption Is Destroying the System"]

[Text] *Half of the households in Kumanovo receive electric power through the alternative transformer station, and the power supply to all of industry is almost normal. Increased consumption is causing outages in Skopje, Titov Veles, Gostivar, Tetovo, and other communes. The Elektrostopanstvo [Electric Power Authority] urges efficient use of electric power.*

The damage to the main transformer station in Kumanovo and the increasingly serious electric power situation in Macedonia, accompanied by a power shortage and many breakdowns, demonstrates the urgent need for specific measures to prevent to prevent total collapse of the electric power system. The sharp increase in electric power consumption due in part to subfreezing temperatures and the preparations for the new year holidays are already causing many problems and breakdowns in the operation of the system as a whole. In Kumanovo, where work is in progress to eliminate the breakdown, 50 percent of households and almost all industry receive power for only a few hours, while in individual communes, including those of Skopje, Titov Veles, Gostivar, Tetovo, and others, breakdowns of medium-voltage equipment are also occurring because of grid overload but are rapidly eliminated by relatively rapid intervention.

Electric power consumption reached a record of 21.5 million kilowatt-hours daily over the last weekend. Personnel of the Electric Power Authority (Elektrostopanstvo na Makedonija) state that there is no reason for optimism, because there will continue to be breakdowns and interruptions of power supply, and reduction of electric power consumption is also possible. The Authority urges maximum conservation as one measure preventing total collapse of the electric power system, the possibility of which also exists.

* Breakdowns in Power Grid

93BA0462B Skopje NOVA MAKEDONIJA in Macedonian 29 Dec 92 p 3

[Article by S. Noveksi: "Breakdowns Arrive With the Cold"]

[Text] *Electric power consumption has risen sharply since the temperature dropped, leading to many breakdowns of medium-voltage equipment not designed to handle such loads. Further power supply interruptions are certain at the current stage of development of the power grid. Reductions continue to be the last option.*

The warnings by the electric power authority that a long winter on our own is in store for us are slowly proving to be

valid, especially in the area of electric power supply. This has been demonstrated recently by the numerous breakdowns occurring in medium-voltage grid equipment in Skopje, Titov Veles, Gostivar, Tetovo, and some other communes in Macedonia, especially Kumanovo, where real damage has occurred because of which the city will be deprived of reliable electric power supply for a long time to come. According to the electric power authorities, all these breakdowns are due to a single factor, the drop in temperature accompanied by sharp increase in electric power consumption, which is simply destroying the entire electric power distribution network. The network is no longer able to handle such a heavy load. This explains all the breakdowns, power outages, and the problems with the transformer stations and the grid, which are unable to withstand the load of increased electric power consumption.

Development Halted

Such electric power consumption is not commensurate with the level of development of the distribution network and the equipment for the purpose of operation of the entire electric power system, according to Ljunc Gajdardziski, deputy general director of Elektrostopanstvo of Macedonia. The equipment as installed is capable of handling only a certain load level, and breakdowns are inevitable if this load level is exceeded.

Several years ago, Gajdardziski explained, allocation of funds for development was discontinued for the entire electric power distribution system of Macedonia when the law applying to the allocation lapsed. All the remonstrations to the effect that electric power distribution is a part of the electric power system, that the network must continue to develop, and that equipment must continue to be procured were to no avail at the time and are even less so now. The authorities at that time stated only that the funds collected up to that point on this basis would be allocated exclusively for power generation and transmission, with the result that development of the power distribution network has been neglected to the utmost. This stagnation has been especially perceptible in the last two to three years and has resulted in the current problems and the impossibility of satisfying consumer needs and ensuring the necessary quality of power supply. This is indicated as a matter of fact by the current (and future) breakdowns, the problems with the unsatisfactory voltage, and all the other problems with which the public in individual communes is justifiably and constantly expressing its dissatisfaction.

These problems, especially with the reorientation of consumers from scarce petroleum derivatives toward heating with electric power, this causing a sudden increase in consumption, is already leading to the first breakdowns, which will most probably continue to happen in different cities. This does not mean that they will occur all at once. It is a matter rather of a gradual collapse of the electric power system. Consequently, it is urgently necessary to take steps to protect the system, such as more efficient conservation of electric power and preventing the worst from happening.

Generation Potential Also Limited

The appeal for electric power conservation at all costs does not come in the least from people who make their living by selling current out of concern for the consumer's pocket-book. Sensible behavior, according to Elektrostopanstvo, is a necessity precisely at this time, above all to prevent even larger and more frequent breakdowns of the network, something that definitely can lead to destruction of the entire electric power system, which is not yet capable of independent operation.

The fears are entirely justified, according to Risto Pavlov of the Control Center of JP Elektrostopanstvo, because of the major shift to heating with cheap electric power caused by the shortage of liquid fuels. This is best demonstrated by the daily consumption, which increased over the last weekend, and over the week for industry separately, reaching 21.5 million kilowatt-hours. At the same time, the highest daily maximum of 1.040 megawatt-hours has been recorded. This simultaneously creates enormous problems and difficulties in providing current for all users. To give an idea of how the needs for this daily consumption are satisfied, Pavlov added, it should perhaps be pointed out that only 18.8 million of these 21.5 million kilowatt-hours are generated by Macedonian electric power generation facilities, including hydroelectric power plants (which are used even when the impounded water is at the lowest level), while the remainder is obtained by borrowing emergency power from neighboring systems.

All this is clearly the best indication of the overall unfavorable conditions in the Elektrostopanstvo. Not only are these conditions not favorable for improvement; on the contrary, they portend new breakdowns and the impossibility of satisfying total electric power needs. However, added the personnel of this enterprise whom we interviewed, solutions do exist and are to be found either in activation of the Negotino thermoelectric power plant, for which fuel oil still has not been obtained, or in purchase of electric power from neighboring countries. A third option, of course, continues to be further introduction of the unpopular reductions, and not just by around eight percent of total power generation as has already been semiofficially announced but by much greater restrictions, which the electric power authorities consider to be the last and actually feasible alternative.

[Box, p 3]

Appeal by Elektrostopanstvo na Makedonija Enterprise: More Efficiency in Power Consumption

Electric power consumption has recently increased significantly, with the increase overloading the system and causing many breakdowns in the power distribution network accompanied by significant material damage and temporary power outages. As a result, to normalize operation of the system and ensure uninterrupted supply to consumers before and during the new year holidays, the Elektrostopanstvo na Makedonija enterprise is appealing for more efficient use of

electric power and avoidance of simultaneous use of heaters, boilers, electric kitchen ranges, washing machines, and other household appliances.

* Kumanovo Breakdown

93BA0462C Skopje NOVA MAKEDONIJA in
Macedonian 29 Dec 92 p 3

[Article by B. Burnazovski: "Conditions Gradually Improving After Failure of the Power Generating System in Kumanovo: Current From Standby Transformer Station of Operation"]

[Text] *All industries were receiving electric power as of yesterday. Around 50 percent of household current needs are being satisfied. By the new year 90 percent of Kumanovo's needs are expected to be met.*

Kumanovo, 28 December—Conditions are slowly improving on the fifth day after the breakdown of the Kumanovo electric power generation system, but they are far from normal. As a result of extraordinary effort by the employees of the Svetlina Electric Power Distribution Enterprise and with the assistance of the Elektrostopanstvo na Makedonija, current has been generated through the secondary transformer station for all the vital facilities in the city, such as the hospital, the bakery, the filter station, businesses, and other facilities. Current is also being delivered today to all industrial production facilities, which can resume normal operation after the two-day outage, except for the KEN and Bibrok enterprises. However, an effort is being made to enable the last two enterprises as well to begin normal operation tomorrow. About 50 percent of the power needs of households is currently being met by redistribution of consumers and with the undamaged portion of the power network. Households receive current several hours a day, but even here there are difficulties, in that the district transformer stations are damaged by sudden connection of electric appliances.

The burnt out and damaged transformers at the main 110-kilowatt transformer station affected by fire on Thursday were removed yesterday and replaced by new ones that may be energized as early as today for testing purposes. At the same time, excavation is in progress at several places in the city to find, replace, and connect damaged elements of the cable components of the electric power network, which has also suffered heavy damage. Work is also proceeding on replacement of the equipment at the two district transformer stations to restore service at these stations.

In the opinion of specialists, what happened to the electric power system in Kumanovo before 1500 on Thursday equalled a disaster previously unknown in the experience of Elektrostopanstvo na Makedonija. Serious damage occurred, according to Svetlina general director Blagoja Stojkovski, in which facilities at different voltage levels suffered. The 110-kilowatt transformer with a power of 20

kilovolt-amperes caught fire and was completely destroyed. The secondary transformer was also damaged, the district transformer stations caught fire, and the cable network was disabled at about 30 places in the city. This breakdown of unprecedented extent happened even despite the fact that the Kumanovo electric power network, like all the other installations, has been designed for a voltage of 20 kilovolts. In addition, although there are three protection and control systems, none responded and sounded an alarm. Consequently, everything was in order, but at a given time fire broke out almost simultaneously in three installations. Most likely it is a question of a technical problem that can only be solved by scientific investigation.

According to specialists, no one wants to admit that there might have been an unusual breakdown, but director Stojkovski says that there are consequences of gigantic proportions, though at this time it is not possible to assess and estimate them. The damage is also extensive and will run to thousands of millions of dinars. To answer the question of greatest concern to the citizens of Kumanovo, that is, when will the power supply be normalized, Stojkovski states that if everything goes as it should the electric power supply can be expected to improve somewhat in a few days. According to him, 90 percent of the city's needs may be met by New Year's. He regards the situation with the municipal cable network to be a special problem, in that tests done over the last two days show the network to be disabled in several places. Accordingly, the network must now be tested, defective elements of it replaced, and the network reconnected. This means that there will continue to be power supply reductions, but in addition consumers will have to discipline themselves during periods when current is being delivered by refraining from turning all their electric appliances on at the same time, because doing so results in damage to the power stations. The Kumanovo distribution authority states that it also will take months of work and enormous material resources to restore the city's electric power network to its condition before the fire.

[Box, p 3]

Assistance From the Entire Republic

Immediately after the news of the serious breakdown of the Kumanovo electric power system, the Svetlina electric power distribution enterprise was offered assistance, which has already been sent by several power distribution enterprises in Macedonia. In addition to technical assistance from Elektro-Makedonija, the enterprise has received 20-kilovolt equipment and cables from Elektro-Prilep and a complete nine-cell measuring unit from Delcevo. EMO in Ohrid has also sent electric equipment. Assistance has also been announced or sent by the distribution authority in Gostivar, Strumica, and Skopje (which has also sent two testing teams). Assistance in the form of electric equipment is also arriving today from Kocani, Tetovo, Stip, REK Bitola, and other places.

* Causes of Kumanovo Failure

93BA0462D Skopje NOVA MAKEDONIJA in
Macedonian 29 Dec 92 p 3

[Article by S. N.: "After the Failure of the Transformer Station in Kumanovo: Overload or Human Factor?"]

[Text] There is already widespread public speculation and expression of a great variety of opinions regarding the reasons for the major electric power breakdown in Kumanovo, where the main transformer station for supplying electric power to this community caught fire and was almost completely destroyed. Some people are talking about irresponsibility, unprofessional behavior, concealment of the human factor, and even deliberate sabotage, while others assert that the basic cause of the breakdown is overloading of the distribution network. The 20-megawatt volt-ampere transformer was completely destroyed after the fire in the transformer station, and the second transformer, twice as powerful, experienced electric breakdown. In addition, the old 10-kilovolt installation caught fire and almost all the cable connections burned and failed, as was the case with the high-voltage components of several urban transformer stations in Kumanovo.

Ljupco Gajdardziski, assistant general director of the JP Elektrostopanstvo, states that in this instance what was most probably involved was overloading of the medium-voltage network.

He believes that it is too early to talk about estimating the damage, but it is a fact that a new transformer station like the damaged one costs around 10 million German marks. Alternative supply is now being delivered from a second transformer station to offset the consequences of the electric power failure in Kumanovo, but there are problems even with use of this connection, so that supply of electric power for the households and industrial facilities in the community continues to be uncertain. As regards repairing the major breakdown represented by the burned transformer station, Elektrostopanstvo will bring in new equipment from the Delcevo transformer station. This equipment is to be brought on line just in time for New Year. Other equipment for the transformer station was obtained after disassembly from shops in Prilep, Tetovo, Ohrid, Strumica, Gevgelija, and other communes. It is estimated that one of the new transformers installed will start operation in a few days and the other in two weeks.

This is what the Elektrostopanstvo officials say about the transformer station fire in Kumanovo. At the Ministry for Economy, on the other hand, it is stated that this entire affair of the transformer station is being studied by an expert commission of the Macedonian Expert Survey Office which is to determine the causes of this damage. It is said unofficially here that overloading cannot be the cause of total destruction of a transformer station and that instead concealment of the human factor is most probably to blame.

* Transformers in Skopje

93BA0462E Skopje NOVA MAKEDONIJA in
Macedonian 29 Dec 92 p 3

[Article by V.D.: "In Skopje: Two Generators Burn Out"]

[Text] Burnout of fuses and cables in individual districts of Skopje has now become a common occurrence. On the day before yesterday two transformers (10/0.4 kilovolts) also blew out, one in the village of Sindjelic and the other in the village of Gorno Lisice. According to Elektroskopje, the failures are the result of overloading of the distribution network and the equipment and will result in lengthy electric power supply outages. For the last two days there has been no current in the villages of Lisice and Sindjelic and in part of the settlement of Kisela Voda (on the road to Sopiste), where some of the elements of the local transformer burned out as a result of transformer overload.

Fuse burnout has been happening almost daily for 10 days now in individual districts, often several times a day. The districts in Elektroskopje indicated as being the most critical are parts of Przino, Crnice, Kisela Voda, Kozle, Zelezarnica, Djorce Petrov, Vlae, Gazi Baba, Madzari, Novoselski Pat, Sindjelic, and Radisani. The most critical villages are Kondovo, Sindjelic, Volkovo, Grcec, Ljubos, Ljubin, Stajkovci, Kadino, and Marino. On the other hand, 6,047 million kilowatt-hours of electricity were consumed in Skopje on Sunday, more than 600,000 kilowatt-hours above the peak consumption recorded last year.

* Titov Veles System Deteriorating

93BA0462F Skopje NOVA MAKEDONIJA in
Macedonian 29 Dec 92 p 3

[Unattributed article: "Electric Power Situation in Titov Veles Worsens: Is the System on the Verge of Collapse?"]

[Text] Breakdown of the electric power system is inevitable if the huge increase in electric power consumption continues.

Titov Veles, 28 December—Yesterday's failure of the central transformer station of Elektro Veles in Titov Veles upset a large number of citizens. They were left without heat in very cold weather for four hours, and in some parts of the city 10 hours. Everything has nevertheless turned out well, that is, Elektro Veles employees have managed to restore power for Titov Veles in a short time.

As has already been reported, the cause of the breakdown at the central transformer station was heavier current consumption resulting in overloading of a measuring cell and damage to two switches. And despite the efforts of the power authority employees, with the exception of large installations such as the iron foundry, which have separate power supply sources, the city and industry were without power for several hours.

Elektro Veles director Atanas Zarov was interviewed about consumption and the situation in the Titov Veles electric power system.

He stated that the low temperature throughout the country in recent days greatly increased power consumption in

Titov Veles. Last year, for example, consumption at this time of year was less than 20 megawatts but now exceeds 30. Most installations, and not just transformer stations, would be unable to handle such a load. A low voltage cable was also disabled yesterday because of the transformer station failure. However, the cable can be repaired only when the temperature is above freezing. No one can say how many such cables and other installations may be disabled, even though we do know that the electric power installation in the city is not very good.

The fear that major power outages may occur is forcing many citizens to find discarded solid-fuel stoves. The demand for wood has increased, and according to the Babuna logging enterprise, Titov Veles' main supplier of this type of fuel, the city receives 30 cubic meters daily. It is interesting that the consumption of wood has recently increased considerably in comparison to last year even though the cost per cubic meter is 47,000 dinars. The fact remains, however, that the majority of families in Titov Veles use wood for heating.

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